

Mr. SMITH of Michigan. I am not in the habit of holding it very long, and I shall not hold it now, except to make one observation. I think the very point the Senator seeks to obtain is one that is most calculated to drive out competition among the glass makers of America. If he reduces the tariff, he will frighten the independent investor and operators, and he will drive them into a combination to meet conditions in Europe that are most unfavorable. Therefore, I would keep the tariff where it is for the purpose of keeping competition where it is, and the Senator from Iowa admits that competition is very fair and very helpful.

Mr. CUMMINS. I desire now to ask the Senator from Michigan a question, if he will permit me.

Mr. SMITH of Michigan. Certainly.

Mr. CUMMINS. Has such a duty prevented combinations in other fields?

Mr. SMITH of Michigan. No; I think it has not; neither has free trade. But the fact that it has prevented monopoly in this field is the thing we are dealing with now, and the thing we ought to deal with in the light of the information we have on this particular subject. When we reach some other schedule the Senator from Iowa may be able to point out a way to meet it.

Mr. CUMMINS. Does the Senator from Michigan believe that this specific duty has brought about the competition which now exists, and would not a duty of one-eighth of a cent higher or an eighth of a cent lower have done it?

Mr. SMITH of Michigan. I believe it is this present duty which has created the competition and stimulated the industry.

Mr. ROOT. Mr. President, before the adjournment, I should like to call the attention of those who support the duty on window glass as it stands in the pending bill to a statement made by Mr. Clause, who was a representative before the Ways and Means Committee of the manufacturers of window glass. Mr. Clause testified before that committee, on page 1656 of the Hearings in these words:

So far as glazing glass is concerned, I would say that practically there is no glazing glass imported. It is also true that as far as the glazing quality is concerned, the manufacturers are not availing themselves of the present duty.

It seems to me, Mr. President, that those statements, which accord with the statement that has been made here to-day, do call upon gentlemen who wish to retain the rate of duty in the pending bill for some explanation if they wish to have the Senate support that rate. I call attention to it before the adjournment in the hope that the subject will be completely elucidated when we take up this paragraph to-morrow.

Mr. ALDRICH. I think there will be no trouble in explaining that situation to the satisfaction of the Senator from New York when the matter is before the Senate again.

As to the matter to which he alluded in his remarks earlier in the day, I think that the falling off of importations in 1905 was owing to the invention about that time of glass-blowing machines, which were expected to take the place of the old processes and which have taken the place of the old processes of blowing common window glass, and I do not know but in a great many other directions. There was an absolute demoralization of the market both here and abroad for some considerable time owing to the use of the new glass-blowing machines.

I move that the Senate adjourn.

The motion was agreed to, and (at 5 o'clock and 4 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, May 12, 1909, at 11 o'clock a. m.

## SENATE.

WEDNESDAY, May 12, 1909.

The Senate met at 11 o'clock a. m.

Prayer by Rev. Ulysses G. B. Pierce, of the city of Washington.

The Journal of yesterday's proceedings was read and approved.

Mr. BURROWS. Mr. President, there is evidently not a quorum present. I suggest the absence of a quorum.

The VICE-PRESIDENT. The Senator from Michigan suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Aldrich	Burnham	Cullom	Gallinger
Bacon	Burrows	Cummins	Gamble
Beveridge	Burton	Curtis	Hale
Borah	Chamberlain	Daniel	Heyburn
Bradley	Clapp	Dick	Hughes
Briggs	Clark, Wyo.	Dillingham	Johnson, N. Dak.
Bristow	Clarke, Ark.	Dixon	Johnston, Ala.
Brown	Clay	Dolliver	Jones
Bulkeley	Crane	Fletcher	Kean
Burkett	Culberson	Frye	Lodge

McCumber	Page	Root	Stone
McLaurin	Paynter	Scott	Sutherland
Martin	Penrose	Simmons	Warner
Nelson	Perkins	Smith, Mich.	Warren
Oliver	Rayner	Smith, S. C.	Wetmore
Overman	Richardson	Smoot	

Mr. CHAMBERLAIN. My colleague [Mr. BOURNE] is absent on account of illness in his family.

The VICE-PRESIDENT. Sixty-three Senators have answered to their names. A quorum of the Senate is present. Petitions and memorials are in order.

### PETITIONS AND MEMORIALS.

Mr. PAGE presented the petition of T. J. Deavitt, of Montpelier, Vt., praying for the enactment of legislation to abolish the rule of the Pension Bureau requiring the execution of pension vouchers, which was referred to the Committee on Pensions.

Mr. CULLOM presented memorials of sundry citizens of Rock Falls and Sterling, in the State of Illinois, remonstrating against an increase of the duty on the necessities of life, which were ordered to lie on the table.

Mr. GALLINGER. I have received sundry letters from citizens of New Hampshire asking for a reduction of the duty on wheat to 10 cents a bushel. I present two letters, one from W. L. Chase, of Raymond, N. H., and the other from H. A. Yeaton & Son, of Portsmouth, N. H., making this request. I move that the letters lie on the table.

The motion was agreed to.

Mr. OLIVER presented petitions of sundry citizens of Philadelphia, Frankford, and Tacony, all in the State of Pennsylvania, praying for a reduction of the duty on raw and refined sugars, which were ordered to lie on the table.

Mr. HALE presented a petition of sundry citizens of Waterville, Me., and a petition of sundry citizens of Gardiner, Me., praying for a readjustment of the wool schedule to remedy the inequalities detrimental to the carded woolen industry, which were ordered to lie on the table.

Mr. PERKINS presented a petition of sundry citizens of Santa Clara County, Cal., praying for the enactment of legislation to prohibit the immigration of all Asiatics into the United States except merchants, students, and travelers, which was referred to the Committee on Immigration.

Mr. BROWN presented sundry affidavits to accompany the bill (S. 564) granting a pension to Ida M. Smith, which were referred to the Committee on Pensions.

### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 2323) granting an increase of pension to Abram N. Randolph (with accompanying papers); and

A bill (S. 2324) granting an increase of pension to George S. Rust (with accompanying papers); to the Committee on Pensions.

By Mr. WARREN:

A bill (S. 2325) to increase the efficiency of the United States Military Academy, and for other purposes; to the Committee on Military Affairs.

By Mr. PENROSE:

A bill (S. 2326) for the relief of Julius A. Kaiser; to the Committee on Naval Affairs.

A bill (S. 2327) to correct the military record of James Hagerty; and

A bill (S. 2328) to grant an honorable discharge to Alfred L. Dutton; to the Committee on Military Affairs.

A bill (S. 2329) granting an increase of pension to Israel P. Long;

A bill (S. 2330) granting an increase of pension to Charles J. Snyder;

A bill (S. 2331) granting an increase of pension to Hugh McDonald;

A bill (S. 2332) granting a pension to Annie A. Convery;

A bill (S. 2333) granting an increase of pension to John McGlone;

A bill (S. 2334) granting a pension to Theo. S. Fenn; and

A bill (S. 2335) granting an increase of pension to William H. McMailin; to the Committee on Pensions.

By Mr. WETMORE:

A bill (S. 2336) for the enlargement of the Capitol grounds.

Mr. WETMORE. To accompany the bill, I submit a diagram showing the proposed plan. I move that it be printed facing the last page of the bill, and that it be referred with the bill to the Committee on Public Buildings and Grounds.

The motion was agreed to.

By Mr. HALE:

A bill (S. 2337) granting an increase of pension to Charles S. Crowell (with the accompanying papers); to the Committee on Pensions.

## AMENDMENTS TO THE TARIFF BILL.

Mr. OVERMAN submitted an amendment intended to be proposed by him to the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

Mr. DICK submitted an amendment intended to be proposed by him to the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes, which was ordered to lie on the table and be printed.

Mr. STONE submitted an amendment intended to be proposed by him to the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes, which was ordered to lie on the table and be printed.

## THE TARIFF.

The VICE-PRESIDENT. The morning business is closed. The calendar is in order.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes.

The VICE-PRESIDENT. The pending question is on the amendment proposed by the junior Senator from Iowa [Mr. CUMMINS].

Mr. PAYNTER. Mr. President, I would not interrupt the orderly proceedings in the consideration of this bill except that I desire to call the attention of the Senate to a matter that is pending which is of great importance to the people whom I in part represent. We have taken two days or more in discussing the lead schedule. Perhaps there are not one-half so many dependent upon that industry as upon the one which I shall consider and discuss to-day. The purpose that I have in discussing it at this time is that I may call the attention of the Senate to the question in such a way that Senators will become interested and study it, and if they do I hope for a favorable result.

Mr. President, I invite the Senate to hear me on this occasion, not because I flatter myself that I have any oratorical ability that would enable me to entertain and please Senators, or, by the power of logic, to sway judgments from proper conclusions. Neither shall I attempt to do so by an appeal that would tend to arouse passion or prejudice. I shall not deal in invective. If I can aid the Senate to reach a correct conclusion on the question which I shall discuss, I will do so only by a plain statement of a just cause of an oppressed people. Those for whom I shall plead to be relieved from a grievous burden hope only for a triumph over their oppressors by producing a conviction in your minds that their demands are just. In behalf of our fellow-citizens who earn their bread by honest toil, I ask only for a fair and just law—one that will answer their demand for relief and remove the present oppressive burden which, in a large degree, is made possible by the law of the land.

I speak for the farmers and for their laborers and the tenants who are engaged in raising tobacco. The reason I earnestly invite the attention of the Senate to the question is because so many Senators do not represent States where tobacco is grown; hence they have not had an opportunity to be informed as to the real condition of tobacco growers and as to the justice of the law which they demand. They are not asking that the taxpayers in this country make contribution to them directly, nor are they asking that it be done indirectly by the imposition of duties. They simply desire to be given the privilege of selling their tobacco in the market where competition exists; they desire the privilege of legitimate effort to free themselves of the present monopoly which is crushing the life out of their business and impoverishing the toilers engaged in it. I will not quote the statutes which regulate the sale or manufacture of tobacco. For the purpose of this discussion, it is sufficient to state the effect of the statutes, as construed by the Bureau of Internal Revenue. There is no difference of opinion existing as to interpretation of the law. The bureau construes it, and that construction is accepted as being correct. The proposed legislation is predicated upon the idea that the construction of the department is the proper one to be given the statute.

The producer and grower of tobacco does not have the right to hand twist his tobacco and sell it in that condition without the payment of 6 cents per pound on it. The grower now can sell his tobacco in any amount to any person he desires to

sell to without tax. He can sell to his neighbor, to any consumer, to a tobacco manufacturer, or to a dealer. There is no limit upon his individual right to sell without tax, so long as he sells the natural leaf. The man who purchases it does not pay a cent of tax for the privilege of purchasing, and he is allowed to sell it without the payment of tax, if he sells to another leaf dealer, manufacturer, or for export. The dealer in tobacco can sell to the manufacturer or to another leaf dealer or to an exporter without paying the 6 cents tax. If, however, he sells to the consumer, then the tax of 6 cents per pound applies, as it does to manufactured tobacco. The farmer can not sell his tobacco through an agent except through a commission merchant, a warehouse man, or a broker. While the farmer can sell his tobacco to the consumer without the payment of the tax, he is required under the law to deliver it himself. Then is when the difficulty arises which makes the present law operate in an oppressive way upon the grower.

Under the law as it exists the farmer can only sell his tobacco to a consumer, and the delivery must be made by himself. As the law now stands, if he would ship his tobacco to a dealer, then the dealer would not be allowed to sell it to the consumer. Thus it will be seen that the tobacco grower and producer is limited in the sale of his tobacco in the natural leaf to persons to whom he can make personal deliveries. What the tobacco grower desires is the privilege of selling his tobacco in the natural leaf to the consumers; that this privilege may be exercised by selling it to tobacco dealers, and they be permitted to sell it to the consumers without the payment of tax. I am glad to be able to inform the Senate that the House of Representatives has, on at least two occasions, passed a bill granting this privilege to the tobacco growers. The Senate failed to take action upon these bills. The House bill which is under consideration contains a provision which is exactly the same as the provision of the bills which it had previously passed. The testimony before the Ways and Means Committee showed the condition of the tobacco growers, and that condition appealed strongly to its members, and they were convinced that the enactment of the law would be of immense benefit to the tobacco growers.

If the tobacco growers and their tenants had been prosperous, there would have been no demand for a change of the law. It was the unfortunate condition in which they found themselves that caused them to begin to investigate what had caused the condition which confronted them, and they demanded a change in the law which would enable them to find markets for the tobacco where there was a competition among those who desired to purchase it.

Kentucky is a large producer of the tobacco which is grown in this country. It consists, principally, of the white Burley and what is known as "dark" tobacco, the Green River tobacco and the Upper Cumberland tobacco. The dark tobacco is grown in the western part of the State. That tobacco is also grown in a section of Tennessee which is situated adjacent to that part of Kentucky where it is grown.

Without at this point going into a discussion of the cause which produced the lamentable condition of which the tobacco growers complain, I desire to quote some testimony which was taken before the House subcommittee in relation to this question. The testimony is given by reputable citizens; by those who would make no complaint if there was no cause for it.

I shall take the liberty of quoting extensively from this testimony with the hope that members of this body will take time enough to read it. I have discovered also that members desire light on these various schedules and demand information, and that they are determined, if they can, to know what the law should be.

Mr. Charles E. Barker, of Pembroke, Ky., testified as follows:

We produce a dark, rich tobacco, and a few years ago we had a good market there, a good trade, and a good deal of competition. We could put our tobacco on the open market, with an auctioneer to sell it, and we would have 15 or 20 men bidding on it. The conditions have come about now so that we only have one man to make a price on it, and he refuses to go into the market at all.

Yes, the whole region has been cut up into districts like magisterial or constabulary districts, and the agents of each go around the districts and pick out just such as they want, and we have to take what they offer or leave it alone.

We formerly put the tobaccos on the open market, where the auctioneer put them up for sale; but these men will not go there.

Mr. R. E. Cooper, of Hopkinsville, Ky., testified, and, explaining the situation, said:

As a boy raised on a farm, and later engaging in the tobacco business, for the past seventeen years I have been selling tobacco for farmers in what is known as "tobacco commission warehouses" at Hopkinsville, Ky.



It has been suggested to me, and it is a fact, that Mr. Cooper is one of the largest dealers in tobacco in the country. Mr. Cooper proceeds:

We had there, when I went into the business, eight tobacco warehouses—eight firms. Then the farmers put their tobacco into hogsheds and sent it to us. We had it sampled, as you see these samples here, and sold it in the open market. At that time we had from 40 to 50 buyers on our market, and they would assemble around a table, just as the committee is assembled around this table, and we would start in with these samples of tobacco, all tagged and labeled, and so forth; and each of those buyers represented a distinct and separate manufacturer or country at that time.

Mr. GAINES. You say a distinct manufacturer or country?

Mr. COOPER. Or a foreign country; yes, sir.

As Mr. GAINES has already stated, 80 per cent of the dark tobacco grown in our section is for export. Ten per cent, possibly, of that amount goes into snuff in this country, and possibly 10 per cent goes into home consumption in the way of twist—around the smaller factories that use it in a very limited way.

To-day, instead of having the 40 or 50 buyers, we are without a tobacco market at all. The American Tobacco Company sends Mr. Norman Smith to our town, who has charge of all four of the markets, not only of the Hopkinsville market. His home is Clarksville. He comes down there, and we have to lay out our line of tobaccos, and instead of having competitive bids, he says:

Mr. Cooper, I will use that lot of tobacco for you after it is prized and put in hogsheds. That is the old custom—for it to be prized and delivered—and that would cost him about half a cent a pound to pay the expense of it. He will tell me that he will give me 3½ to 4 cents a pound for the tobacco, and I have nobody else to sell it to, and I have to accept that price.

The CHAIRMAN. Is he the only licensed dealer?

Mr. COOPER. No, sir; I will explain that more, later on. He represents, however, the control of the larger part of our tobaccos. In the days when we had manufacturers as bidders we had 40 to 50 bidders. Now we are limited to possibly 3 or 4. Mr. Smith is the principal one.

The American Tobacco Company succeeded in closing all the snuff factories. At one time we had 38 snuff factories in the United States. To-day we have 98 per cent of those in the American Tobacco Company, known as the "American Snuff Company." There is one remaining, at Nashville.

Mr. GAINES. That is in the trust, I am told.

Mr. COOPER. Has the Standard gone into it?

Mr. STANLEY. Yes.

Mr. COOPER. Then we are out entirely.

Mr. METCALF. Are they operating all those factories?

Mr. COOPER. The American Tobacco Company?

Mr. METCALF. Yes.

Mr. COOPER. They are principally in New Jersey, Philadelphia, and at Nashville and Clarksville, Tenn.

Mr. METCALF. You said that the snuff factories had gone into the hands of the tobacco trust. Does the tobacco trust operate the snuff factories to-day?

Mr. COOPER. Yes, sir. That was the place we had to put about 10 or 15 per cent of our tobacco, and practically all the place we had in this country. We stood for that a while, and now about 30,000 hogsheds annually go to England; it is stripped and sent on the English market, and, as had been stated to you, they captured the English market under what is known as the "Imperial Tobacco Company," the American Tobacco Company controlling it. That takes out all the English competition we had. And when I say 30,000 hogsheds of tobacco, that means one-third or one-quarter of our entire crop is wiped out.

We sent to Bremen, which had been an open market heretofore, until last year, a quantity of tobacco to sell it on the open market there. This year the American Tobacco Company, when we shipped our tobacco to Bremen, took from their reserve a quantity of tobacco and put it on the market at cost. I was one of the unfortunates. We put our tobacco on the Bremen market, expecting to have a sale for it, but instead the American Tobacco Company put its tobacco on the market there in opposition, and sells it at prime cost here—just what it cost, without any freight or expenses—and it cost us 2½ cents a pound to ship tobacco and sell it in Bremen to pay the expenses of it. The American Tobacco Company threw their tobacco on the market and just knocked ours out entirely—at a tremendous loss to the American Tobacco Company, of course—but while they can stand the loss, we can not. We have our tobaccos in Bremen to-day, and we can not sell them, from the mere fact that they have put the price lower than the cost of the tobacco at home.

This witness gave a great many interesting facts in addition to those mentioned above, which tend to support the conclusions stated in the part quoted.

Mr. John S. Cunningham, of North Carolina, said:

My chief object, gentlemen, in appearing before the committee is to tell you, Mr. Chairman and gentlemen, the condition that existed in the tobacco-growing States prior to the tax and prior to these numerous bills which have been passed by Congress, and I want to say this to you, gentlemen, that as the matter now stands in the tobacco-growing States, not only of the South, but of the West and in some of the States that grow tobacco in the North, there is absolutely no competition. Fifteen or twenty years ago—you take, for instance, the Danville market, in Mr. Swanson's district—and they had scores of independent buyers, leaf dealers; but under the existing laws at the present time they have only a few buyers on the Danville market, a few on the Lynchburg, and a few buyers on the Durham and Winston and Norfolk and other markets of my State, and I understand that the same condition exists in other tobacco States.

Mr. Chairman, some years ago in the city of Danville and in the city of Lynchburg there were from 30 to 40 tobacco factories at each one of those cities, and there were tobacco factories throughout the little towns and throughout the country in all the districts; and you take my county—the county of Person—one of the best tobacco-growing counties in the United States, and I had the honor to take the gold medal and the first prize for the best bright tobacco grown, at the exposition in 1900. Some years ago we had a great many factories in that county and throughout the county towns and throughout the country districts.

But you take the counties that adjoin my county, as well as my own, and you take the county of Halifax, Va., one of the largest bright-tobacco counties in the South, and I do not think they have a single

bright-tobacco factory in that county. They have none in Danville and none in Pittsylvania County, and the object of the bill, as far as I can see, is to bring about a competition—is to put the country in such a condition that the growers of tobacco, that the American farm laborers, can make a living.

As I stated a few minutes ago, Mr. Chairman, competition has been absolutely destroyed in the tobacco business. Of course, those foreign nations; the continental nations of Europe, want to buy our tobacco just as cheap as they can, and they come here and buy the farmers' tobacco below the cost of production and take it to Austria and France and Italy and Spain, and those countries are making millions and millions of dollars a year off the manufacture of this raw material, and the tobacco producers of the United States are making nothing; and their lands have gone down, their labor is leaving the country, and a great many of them in districts where we have the public-school system are unable to pay their taxes and unable to provide their children with suitable clothes to go to school and church.

Mr. Charles H. Fort also gave information to the committee touching upon this subject, and said:

We want competition. We need competition. This thing has gone on down in our country until we have only one or two buyers there, and they actually have the territory prescribed and limited and laid off until there is one of my neighbors who had a barn full of tobacco on one side of the road and another barn full of tobacco on the other side; and a buyer came there and he offered him this tobacco on one side of the road and he bought that, and then he offered him the tobacco in the barn on the other side of the road, and the buyer said: "I can not buy that tobacco over there; it is not in my territory." And that man lost \$2 on all the tobacco in that barn on the other side, because he could not sell to this buyer his whole crop because it was not in his territory.

I suppose when he says \$2 he means \$2 a hundred. He proceeds:

I used to sell my tobacco to farmers and they used to rehandle tobacco, and there were a dozen buyers in my neighborhood, and competition was so lively that it would make tobacco go up, and there was quite a boom with the tobacco farmers. Now there are just the agents who buy this tobacco, and there is no competition in the country; and they just set a price and squeeze and squeeze down until they have the life squeezed out of the producers.

Mr. C. P. Warfield, of Kentucky, also testified as follows:

In answer to your question, Mr. Chairman, as to how this competition is going to affect us, I would say that Bremen has been, as you know, probably, the only open foreign country we have; the others are controlled by a Rigi system. Recently the American Tobacco Company has undertaken to go in by Bremen and to sell tobacco there. Now, there are buyers on our markets, Germans, who have been on our little markets—open buyers and independent buyers representing independent firms in Bremen. It has 29 firms in Bremen, and it has been a dumping ground for all our products; it has been the only open market that we have had.

Last year the American Tobacco Company went into Bremen and they put down the price of tobacco. They went in there, and could undersell and did undersell—for the purpose of driving out the competition did undersell—this tobacco, and now the most hotly contested fight that I have ever known is being waged right in Bremen, and Bremen buyers in our country are standing shoulder to shoulder with producers and asking and realizing that they want competition. Don't you see? In other words, they go into our country to buy and they are cut out completely. They see this. They see the result of this.

Now, the farmer is there with a crop of tobacco to sell, and he is bound to sell it. Our people are helpless. While we had competition and could expect dealers and speculators in there to buy up that tobacco we could carry every man who was forced to sell; the warehouses would advance him money on his crop, and when the time came to put his tobacco in there he would bring it and put it in there, and we could sell it, and we had speculation and competition, you see.

Now, this past season this competition has been so completely killed that every buyer on our tobacco market has been broken this last year, every one, and these buyers are sitting there waiting, and we know they can not buy, and the Indian people will not buy a pound of it. You can not ship a pound of tobacco to Italy and sell it yourself. It has got to go through the Rigi contract.

Mr. F. M. Flack, of Hopkinsville, Ky., Hon. Joseph E. Washington, former Representative in Congress from Tennessee, and others gave testimony along the same lines as the persons to whom I have just referred. Mr. Felix Grundy Ewing, of Tennessee, a very prominent farmer and tobacco grower, also gave testimony before the subcommittee of the Finance Committee in relation to this question, and said:

We are a trust-ridden people. We are suffering very much from methods that they have resorted to in buying tobacco from us. It has been the custom for the past four years for one buyer to come to a barn and make one bid on that tobacco, and, generally speaking, he does not come any more. He comes and says, "I will give you 4½ cents," or "I will give you 3 and 1," or "I will give you something else;" and it is that or nothing. Most frequently we will not have an opportunity of selling.

Again, we recognize the fact that this is the only agricultural product that is taxed. Ours is a tobacco country, a tobacco soil, and a tobacco climate. We can not raise wheat and corn in competition with other sections of the country. Our grass is not spontaneous. We do not raise stock as they do in other sections of the country. We are absolutely dependent upon tobacco.

Yes. These trusts have broken up our foreign markets. If an independent buyer should come in there and offer to buy any of our tobacco—which has happened, and would happen to-morrow but for this state of affairs—they would quickly give him to understand, as soon as he found himself in competition with them, that for every hoghead of tobacco that you are going to sell in Bremen we will have a hoghead

to sell at a lower price. And it happens without exception that when independent buyers come in there and buy our tobaccos and ship them to Bremen, which is our largest open market in Europe, they lose money, or at least make nothing, and the enterprise is dying. There have been thousands of hogsheds of tobacco belonging to independent buyers stored in Bremen that they could not sell, because these corporations are simply offering their tobaccos at a lower price to kill competition in buying.

This evidence conduces to show that tobacco growers are in an unfortunate condition; that their business has not been prosperous; that when it cost 6 cents per pound to produce the tobacco it was bringing 3 and 3½ cents per pound; that the competitive market had been destroyed; that there was practically only one purchaser for their tobacco. At any rate, only one purchaser fixed the price. It shows that the competitive markets in Italy, Spain, France, and the Netherlands had been destroyed by the action of the governments of those countries in refusing to admit any tobacco except that which was purchased by them; that the same agent purchased for what is called the "Rigi" contractors and for the American Tobacco Company; that the Bremen market was the remaining hope for the sale of part of their crop. But when some tobacco dealers sought to enjoy its supposed benefits, and shipped their tobacco there, then the American Tobacco Company began to sell its tobacco at the price at which it purchased it in Kentucky.

The tobacco growers believe that they are in the grasp of a conscienceless monopoly, which is wrongfully devouring their homes and taking from the mouths of their families the bread that has been earned by incessant toil. It is well at this point to inquire as to the facts, and find if there is any evidence which conduces to the support of their testimony and their deductions.

Whatever I may say as to the tobacco trust—and I add that if that term be regarded as too strong and harsh, then it is sufficient to state the case to designate it as the "tobacco combination"—shall not be said with the view of gratifying the harsh feeling of those who conceive they are the victims of its supposed rapacious greed for commercial triumphs and ill-gotten gains, nor for the purpose of gaining the applause of the multitude, which is sometimes more pleased to see some conspicuous figure in the commercial world flayed than it is when merited praise is bestowed upon a public benefactor.

The statements which I shall make with reference to the tobacco trust or combination are with the view of placing before the Senate facts which, in my opinion, are important to be considered in determining the question whether the relief sought by the tobacco growers should be granted. I do not desire to harshly criticize the conduct of a business concern of a quasi public character or its officers, nor am I willing to forbear to do so when a condition has been produced which makes it proper and all important that it should be done to enable the Senate and the country to understand the need of remedial legislation.

In support of the statements of the tobacco growers I shall give you some additional information as to the conduct and the methods which the tobacco combination has employed to produce the unfortunate condition which prevails in the tobacco-growing section of this country.

I think it somewhat important to give a brief history of the American Tobacco Company and to tell you of its purposes, its commercial triumphs, and its monopolistic tendencies. I think it proper for this reason: It, together with its subsidiary companies, and the persons and governments which are acting with it, have destroyed the competitive tobacco market in this country. If this be true, it seems to me that to call the Senate's attention to the fact is sufficient to invite its earnest consideration of the measure of relief which I urge for the tobacco growers.

The capitalization of this company shows that it was not organized simply to engage in the legitimate tobacco business; and its methods and profits show the purpose of its organization. The American Tobacco Company began business with a capital stock of \$25,000,000, and its then business was the manufacture of cigarettes. The company now has a net capitalization, excluding intercompany holdings, of \$316,346,821. It has absorbed 250 separate concerns. It now controls substantially four-fifths of the output of each important kind of tobacco manufactured in this country. It is one of the greatest combinations in this or any other country. Its rapid growth was the result of combinations, acquisitions, and absorptions. It has not only been engaged in the tobacco business, but in the manipulation of stocks. The evident belief of those who organized the company and directed its movements in the matter of combinations was that it would ultimately control the tobacco business of the world, and thus add millions to its profits.

The so-called "tobacco combination" consists of the American Tobacco Company, its three great subsidiary corporations,

the American Snuff Company, the American Cigarette Company, and the British-American Company, besides 82 subsidiary concerns doing business in the United States, Porto Rico, and Cuba. Ten stockholders hold 60 per cent of the outstanding voting stock of the American Tobacco Company, through which company the entire combination is controlled. The combination's control of the plug, smoking, and snuff branch of the industry has steadily increased. As early as 1891, the combination controlled 89 per cent of the cigarette business; in 1906 it controlled 78 per cent of the chewing, smoking, fine cut, and snuff tobaccos. In 1891 it produced 19,190,924 pounds of tobacco out of a total of 270,529,326 pounds.

Its production had so increased in 1906 that it produced 306,039,641 pounds, out of a total production of 394,276,429 pounds. In 1906 it controlled 82 per cent of the plug tobacco, 71 per cent of the smoking tobacco, 81 per cent of the fine cut, and 96 per cent of the snuff. In 1896 it used, in the manufacture of its products, nearly 400,000,000 pounds of leaf tobacco.

The American Tobacco Company is the center, as has been shown, of a large group of companies, the most important of which are the American Cigarette Company, the American Snuff Company, and the British-American Company. They represent a large and distinct branch of the tobacco business, and each has its numerous subsidiary companies. The American Tobacco Company sustains a close relationship to the Imperial Tobacco Company of Great Britain, which is a great combination of British manufacturers. The American Company owns stock in that company and has a working agreement with it, which is to the effect that each is to refrain from doing business in the territory allotted to the other. Likewise, the American Tobacco Company and the Imperial Tobacco Company control a third company, which is known as the "British-American Tobacco Company."

About two-thirds of the stock of the British-American Company is held by the American Tobacco Company. The American Tobacco Company owns about 77 per cent of the common stock of the American Cigarette Company and about 89 per cent of the preferred stock. It owns about 68 per cent of the common stock of the American Snuff Company and about 19 per cent of its preferred stock. It owns about 65 per cent of the common stock of the British-American Company and about 66 per cent of the preferred stock.

There is no conflict in the business of the British-American Tobacco Company and the American Tobacco Company, the American Cigarette Company and the American Snuff Company, as they have respective fields marked off by the character of the tobacco product whose manufacture is their principal business. The British-American Tobacco Company is distinguished from the others, in that it confines its business to export and foreign trade.

The tobacco combination is not only engaged in the manufacture of tobacco, but is engaged in other manufacturing businesses which bear close relationship to the manufacture and sale of tobacco. These enterprises are conducted by separate corporations. Some of these are machine companies engaged in the manufacture and repair of the machinery used in the various machine processes of tobacco production. There are companies controlled by the American Tobacco Company engaged in the business of manufacturing smoking accessories and supplies, including pipes, and cigar and cigarette holders. Some other such companies will be mentioned later.

The total outstanding capitalization, including stocks and bonds, of all the companies of the tobacco combination which do business in the United States, Porto Rico, and Cuba was, at the end of 1896, \$450,395,890. Of this amount \$134,049,096 was held by other companies in the combination. The American Tobacco group, or combination, included 48 corporations, which manufacture cigarettes and chewing and smoking tobacco. Numerous factories, directed by the American Tobacco Company, manufacture the most of its output.

The other companies are specialized in their work to a great extent. The British-American Company itself has a capitalization of \$25,369,302, of which the American Tobacco Company holds \$16,757,250. In none of the American Tobacco Company's group of the combination does the American Tobacco Company hold less than 50 per cent of the capital stock. In some of them it holds the entire voting capital stock.

The company, as I have said, has contributory plants. It controls a company that makes 98 per cent of the licorice paste which is produced in the country. It has a plant making wrapping and package material and cotton bags. The Mengel Box Company makes boxes used by the company. One of its companies makes its tin foil; one produces nicotine; and one sheep dip. It even has a company manufacturing "slot machines."



The American Tobacco Company's first achievement was to force its competitors in the manufacture of cigarettes to yield, for it waged such an incessant warfare that they were unable to stand it, and they sold out to the American Tobacco Company. Messrs. Liggett & Myers were the successful manufacturers of plug tobacco, perhaps the largest concern in this country which conducted a prosperous business. The American Tobacco Company was determined to occupy practically the entire field in the manufacture of plug tobacco, and it set about to destroy its chief competitor. Liggett & Myers could not stand the warfare and were forced out of business.

It is claimed that the American Tobacco Company made a great profit in acquiring the business of Liggett & Myers. There still remained as competitors of the American Tobacco Company the great concerns of Finzer Brothers, Louisville; Finfs & Durhoffer, Louisville; Harry Weissenger, Louisville; P. S. Sorg & Co., Middletown, Ohio; Wilson & McCauley, Middletown, Ohio; Lorillard & Co., New Jersey; Buchanan & Lyall, New Jersey; Bagley Tobacco Works, Toledo, Ohio; Daniel Scotten & Co., Detroit; Drummond & Co., and Butler & Co., of St. Louis; and the Durham Company. They could withstand the attacks on their business but a short time. They yielded up the ghost, notwithstanding their capitals were large and their business previously had been profitable.

Without naming those who engaged in the snuff business, it is sufficient to say that they likewise were taken up in the maw of the American Tobacco Company. It was not content with its achievement in this country, but it sailed across the waters and invaded Great Britain. The firm of Ogden & Co., wealthy importers of tobacco, was captured. The Imperial Tobacco Company, another competitor, was then in terror, and was forced to enter into a treaty of peace, the terms of which were, in substance, as follows:

It was also agreed that the Imperial should have the trade of Great Britain and Ireland itself. It was likewise arranged that the American Company, in which, of course, the British had no interest, should remain in undisputed possession of the United States, Cuba, and the Philippines. To deal with the outside trade, the British-American Tobacco Company was formed, with both England and American directors, but with the Americans in control. In other words, the Imperial surrendered the entire foreign market to the control of the Americans and gave them an interest in its own business as the price of the peace.

It might be well at this point to call your attention to the proposition which the American Tobacco Company made to the dealers in that country. The reading of it will show you why it was that the Imperial Company was ready to accept the terms of peace offered by the American Tobacco Company.

Commencing April 2, 1902, we will for the next four years distribute to such of our customers in the United Kingdom as purchase direct from us our entire net profits on the goods sold by us in the United Kingdom. In addition to the above, we will, commencing April 2, 1902, for the next four years, distribute to such of our customers in the United Kingdom as purchase direct from us the sum of £200,000 per year. The distribution of net profits will be made as soon after April 2, 1903, and annually thereafter, as the accounts can be audited, and will be in proportion to the purchases made during the year. The distribution as to the £200,000 per year will be made every three months, the first distribution to take place as soon after July 2, 1902, as accounts can be audited, and will be in proportion to the purchases during the three-months period. To participate in this offer we do not ask you to boycott the goods of any other manufacturer.

The promoters of the American Tobacco Company did not engage in this gigantic enterprise simply for the gratification achievement would give them, but they did so for profit as well, and their hopes have been realized. In recent years the company has been declaring large dividends. In 1895 the dividend on the common stock was 20 per cent; in 1896, 22½ per cent; in 1897, 25 per cent; and in 1898, 32½ per cent, besides leaving large surpluses in excess of dividends.

The combination was not created to help the consumers of tobacco. Notwithstanding the low price of the raw material, the price of the manufactured product did not decrease. It is to the interest of the purchaser of tobacco to obtain the raw material at as low a price as possible, and at the same time to maintain the price of the manufactured article. So the one purchaser to whom I referred is interested in maintaining this condition.

There are many other transactions of the tobacco combination that mark its triumphal march to victory over all of its competitors. The statement of the facts showing its achievement staggers credulity, appalls the imagination, and creates in the mind of the thoughtful lover of his country apprehension of the dangers that may come to the people by combination and misuse of colossal fortunes. In this connection I desire to say that I have no prejudice against the successful man who by his intelligence and integrity has accumulated a vast fortune. Such a man is entitled to and should receive the respect of his fellow-men. Our country needs men of wealth to aid in its development and in the conduct of great industrial and commercial enterprises. It is only when they improperly use their

wealth to take from the toilers of the land their reward for honesty and industry or destroy the fortunes of less prosperous business men or deprive the people of their substance by criminal combination that they should be arraigned at the bar of public opinion, regulated by the lawmaking branch of the Government, and be condemned by the judgment of our courts of justice.

#### TOBACCO TROUBLES.

A large per cent of the tobacco in Kentucky is raised by tenant farmers, aided by their children. These tenants have no opportunity to perform labor other than in the production of the crops of tobacco and in preparing them for market. So they depend almost entirely upon the tobacco crop for bread. The landowners furnish them with necessary supplies to produce the crops for the market. The use of the land and the supplies furnished makes the landowners large investors in the crops. Of course many of our farmers grow crops of tobacco by employing laborers to cultivate and house it.

Since the organization of the tobacco trust or combination there is practically but one buyer on the market. Thus, competition was destroyed and the growers were at the mercy of the trust or combination. The consequence was that the price of tobacco was so low that the tenants did not receive half the compensation for their labor that they should have received, and the landowners did not receive a proper return for their outlay.

When the owner of the land cultivated it by the employment of labor, he likewise suffered a loss. Many of the tenants never performed much labor, except in growing tobacco, and for that reason were not fitted for entering other fields of employment. When they saw that they could not receive a fair compensation for their tobacco, because competition had been stifled, a spirit of antagonism and rebellion arose within them.

The result was that organizations were effected with a view to pooling their tobacco, and thus force the buyer to pay a reasonable price for it. A vast majority of the most reputable farmers in the State joined the organizations for mutual benefit and protection. So the tobacco growers thought their own safety and protection was in organization. With that idea in view, the Planters' Protective Association of Kentucky, Tennessee, and Virginia was organized and duly incorporated. Mr. Felix Grundy Ewing, a leading farmer and a splendid citizen, was placed at the head of it. He was aided by able and reputable lieutenants. Ten thousand growers organized the Stemming District Association, under a system somewhat similar to the others, and Thomas Barrett, a reputable and first-class citizen, was placed at its head. The Burley Tobacco Growers' Association was formed—a large organization—and Mr. Clarence Le Bus, a splendid citizen, and Hon. J. CAMPBELL CANTRELL, now a Member of Congress, were placed at the head of that association.

The farmers refused to sell except through this organization, thereby hoping to procure such prices for the tobacco as they were entitled to receive. The purpose of the organization was, as we have stated, to protect themselves from the tobacco combination, and its object was not to protect itself by violence, although violence did come after this organization was formed. The purpose of those who joined the organization was to bring the price of tobacco up to a living one. There were persons who declined to join the organization, and if the purpose of the organization was accomplished, they enjoyed fully the benefits that were accomplished thereby.

There were persons who either belonged to the organization, or who sympathized with it, who were guilty of acts of violence that no one can justify. In this connection, I wish to say that I desire to disclaim any kind of sympathy for such misconduct. One excess begets another. One wrong frequently breeds other wrongs, and sometimes they follow so fast they tread upon each other's heels. The wrongs which these tobacco growers suffered were such that some misguided persons felt justified in resorting to lawless acts, which they thought tended to protect them in the enjoyment of their property.

While this is true, all who believe that this is a government of law must demand the enforcement of the law and condemn the acts of those who violate it.

I am proud to be a citizen of Kentucky. I am also proud that I have the honor to be one of her representatives in this body. It always distresses me to see her fair name marred by deeds of violence, whatever the cause may be which superinduces them.

I hope that the enactment of the proposed law will remove any cause for trouble in the tobacco-growing section of the State. It will at least allay a feeling that prevails that the laws have placed the tobacco growers in such a position that they are the easy prey of the tobacco combination. When we con-

sider that so many people are engaged in this industry who are entitled to the protection of the law of the land as much as any other class of people in the country, it seems to me that the Senate should give its attention to their earnest appeal for relief.

#### THE REMEDY.

The tobacco growers have sought to protect themselves by organization. It is expensive, doubtful of success, and has resulted, in some respects, unfortunately. Should the tobacco growers of the country be required to thus organize and postpone the sale of tobacco for years in order to force practically the only purchaser which they have to pay them a reasonable price for their product? Is it not infinitely better to so construct the statute that the laws of trade will remove the evil and give them an opportunity to obtain a living price for their tobacco? They believe if they are permitted to put their tobacco in hands and allowed to sell it in any quantity they choose to whomsoever they please, and that the party to whom they sell is permitted to sell the natural leaf to the consumers, their difficulties would be solved. This is simply allowing them to dispose of their product in its natural condition to those who desire to purchase it.

The evidence before the committee shows that there is an increasing demand for the natural leaf and that, in the South especially, it is very popular with the consumers of tobacco. It can be sold to them much cheaper than the manufactured product. Hence the poor people who use tobacco are permitted to acquire it at a more reasonable price. It will not only help the tobacco grower but it will be a relief to the men who work in the cotton and cane fields and in the mines and elsewhere in the country.

If the tobacco growers could ship their tobacco to merchants and others who would handle it in the various sections of the country, and those to whom it was shipped could then deliver it to the consumers, it would create a demand for the tobacco. There would then be competition in the places where tobacco is sold. The tobacco combination would be aware of the fact that there were purchasers for it other than those who proposed to manufacture it, and as the combination would need the tobacco for the purpose of carrying on its immense business, it would be willing to pay the farmers reasonable prices for it rather than have it shipped and sold directly to the consumers.

Col. Harry Weissenger, a prominent citizen of Kentucky, and at one time a large manufacturer of tobacco, has given this question great thought and attention, and in a letter to Representative STANLEY, among other things, said:

Now, as a matter of fact, the revenue laws are such that the consumers of tobacco have no opportunity to procure that tobacco, for while there is no direct tax on leaf tobacco, yet leaf tobacco must go through the hands of the dealer, and from the dealer to the manufacturer, and the consumer can not obtain the tobacco except through this circuitous route; and no matter how much he may desire to use this tobacco which has been subjected to the manipulation of the manufacturer, he is preempted from doing so by the revenue laws, and this amounts to a direct tax on the raw material in the hands of the farmer, because there is no way under the existing law for the consumer to get hold of the tobacco which has not gotten into the hands of the manufacturer. Under the law it can not get out of his hands, and amounts to the payment of the 6 cents tax under the present law.

Now, it is necessary, in order to relieve the farmer, to so change the law that the farmer can reach the consumer with his product. It is not sufficient to allow the farmer the privilege of selling his product to neighborhood consumers, because there is no demand for it in the neighborhood where it is grown, as nearly every farmer in the neighborhood raises his own tobacco, and John Smith has no reason to buy from Tom Jones; but if the farmer is permitted to dispose of his tobacco to the sections of the United States where the leaf is not grown, and, in turn, the person to whom the farmer sells it is permitted to retail it out to those who wish to use it in its natural state, there will be competition on leaf tobacco that has never existed since the revenue was placed on the manufactured article and the sale of the raw material restricted, as it is and has been by the revenue laws, either to dealers or to the manufacturers.

This man, of large experience in the handling of tobacco, agrees with the tobacco growers that it will be a great privilege for them to enjoy, and, in a measure, free them from the difficulties under which they are laboring.

#### REVENUE.

The principal objection urged against the bill is that it will seriously affect the revenue of the Government. I confess that if the tobacco growers were required to sell their tobacco to the consumers of the country, it would to some extent take the place of manufactured tobacco. The farmers do not want to sell their tobacco to the consumers. Their best interest is for them to sell it to tobacco dealers and those who would buy an entire crop. They are thus relieved, as it were, of peddling their tobacco over the country. If the enactment of this law would enable them to get a fair price for the tobacco, practically none would be sold to consumers of the country. Hence there would be little displacements of the manufactured to-

bacco, and, consequently, no loss of revenue. This bill does not give the farmers the privilege of twisting their tobacco and selling it. Mr. Yerkes, Commissioner of Internal Revenue, testified that only about \$700,000 was derived from the manufacture and sale of tobacco in the twist. His testimony is that, if this provision should be enacted into law, there could not in any event be a loss of more than \$2,000,000 in revenue. It would not be that, if our hopes are realized, for the fact is that the tobacco combination knows that there is no market for this tobacco except that which is furnished by it.

If there were to be a \$2,000,000 loss of revenue, it would be a mere bagatelle compared to the immense benefit which the farmers would derive from the law. Tobacco is the only crop that is grown from the soil which is taxed, and, as a result of its production in this country, the Government already receives more than \$40,000,000 of revenue. My opinion is that there would be practically no loss of revenue, because, if the law be enacted, it will create the competition which the farmers demand, and result in giving them a fair price for their tobacco. Consequently, the sales would be directly to the dealers in tobacco, or the manufacturers, and not to the consumers. Eighty per cent of the dark tobacco grown in Tennessee and Kentucky is exported, and upon which no tax is paid. Therefore the Government would not lose a cent of revenue on the 80 per cent of the dark tobacco which is produced in the sections mentioned.

I do not anticipate that it is possible that an immediate sale of large quantities of tobacco could be made by the farmers if they were allowed to sell the natural leaf to the consumers. It will take a considerable time to build up trade in the localities where such tobacco might become popular by the use of it.

In the first place, it would be necessary to interest the retailers in the various localities, and, in the second place, they would be compelled to bring the tobacco to the attention of the consumers with a view of inducing them to become purchasers of it in place of the manufactured tobacco which they had been consuming.

Mr. DALZELL, of the House of Representatives, has served a great many years on the Ways and Means Committee. In the beginning of the effort to have the bill in question enacted into a law, Mr. DALZELL was of the opinion that it would seriously affect the revenues of the Government, and declared:

It seems to me that your proposition was to destroy what might be called "a monopoly" by knocking the bottom out of the entire tobacco revenue system of the United States, taking the foundation out from under the whole business.

After a thorough investigation of the question, Mr. DALZELL became convinced that the proposed law would not seriously affect the revenue of the Government. He reached this conclusion after a thorough examination of the question. The fact that he started in with an opposing view and yielded it after investigation is a strong argument in favor of the conclusion that the bill will not ultimately affect the revenues of the Government. Representative STANLEY has given much thought and attention to the question and has earnestly advocated the repeal of the law. He stated in the House of Representatives that the repeal of the tax would not affect the revenues, and, among other things, said:

Your Commissioner of Internal Revenue, one of the ablest commissioners you have had since the war, Mr. Yerkes, came before your committee and said that you could take this tax off the back of the farmer and that it would not affect the internal-revenue tax by a single cent.

Now, I demand that this committee do one of two things: Either permit my amendment or defend your refusal on the floor of this House. Do not conceal a nameless outrage in the body of this bill; do not put a thing in there of which you are ashamed; do not put a thing in there which you know is wrong and will do a grave injustice to 500,000 men and then treat my appeals with silent contempt; do not refuse to do justice and then refuse to defend the act of injustice.

#### MANUFACTURERS.

Some manufacturers are contending that it would not be right to enact the law which is sought, because it would be unfair to them. The farmers would not be permitted to sell manufactured tobacco. They would not put upon the market tobacco in the same form into which the manufacturers convert it. Hence there would be no direct competition with them in the sale of the tobacco.

The manufacturers have no right to demand, as a matter of protection to them, that the farmer should not be permitted to sell his tobacco in the natural leaf to whomsoever he pleases. When the internal-revenue laws were enacted the Government was not placed under obligation never to change the system. It made no promise to manufacturers that the farmers should not be permitted to sell their tobacco in the natural leaf to the consumers through the instrumentalities of their vendees. The Government in enacting the internal-revenue laws did not surrender its right to protect the citizens of the country who



might subsequently need it. It did not surrender any of its power to do justice to the people engaged in any industry in this country.

#### MCKINLEY ACT OF 1890.

By the terms of the McKinley Act of 1890, the then existing statute which imposed restrictions upon the right of the growers of tobacco to sell their product in the natural leaf was repealed, leaving them free to sell the tobacco as they now desire to do it. There was less necessity for that act then than exists now. There was no tobacco combination which sought to control the price, and their product found a ready sale in a market where there were numerous buyers who competed with each other in fixing the price of tobacco. Now it is otherwise, and at the time that the present statute was enacted it was not possible to anticipate the awful condition which now confronts the tobacco growers of the country. Therefore Congress did not consider the question which now confronts it. New conditions make new demands upon Congress for legislation, and the laws, if wise, are always adjusted to suit the new conditions. The history of the legislation of the country shows this to be true. It ever will be true in any country, and especially in a new country like ours, where there is great development in industrial and commercial enterprises. If this were not true, then Congress would have but little to employ its time other than in making appropriations to pay the expenses of the Government.

If every Senator who has stood in the presence of his people and told them that he was a friend of the toilers of the land, and believed in equal and exact justice for all, and that laws should be enacted to protect the weak against the strong will vote for this measure, it will pass with practical unanimity. If he believes that the hand of the oppressor should be stayed, that the weak should be protected and given a fair chance in the struggle for existence, then I appeal to him to vote to give the tobacco growers in this country that which they demand. It is a reasonable demand.

If you believe that you should strike down the hand that is raised to oppress those who need protection, then I ask you to aid me and help to do so.

This great Government of ours, because of the loss of a paltry sum in revenues, can not afford to disregard the demand of one and a half million people who are dependent upon the success of tobacco growing for a livelihood. You impose duties upon imports and collect large sums of money. It is confessed by the chairman of the Finance Committee that such duties are imposed not alone for revenue, but for protection. If you compel the people of this country to contribute large sums to make an enterprise profitable to those who engage in it, then is it unreasonable for a million and a half people of this country to demand that the laws be so made that they might have a fair chance to carry on successfully an important industry?

They do not ask that money be paid into their pockets as profits, but they simply ask that a grinding combination shall not be permitted, by reason of the laws of the land, to reduce the market value of their products below a reasonable price, thus forcing the poor tobacco tenants to labor for almost starvation wages.

The facts show that the tobacco combination is a commercial pirate carrying a black flag, dealing death and destruction to all competitors in the manufacture and sale of tobacco, and reducing those who grow it to penury and want. The death struggle of its expiring competitors has not caused it to hesitate; nor have the tears and suffering of the tenants, white and black, who produce the article upon which it feeds and fattens, excited its compassion.

Senators, you have an opportunity to compel it to dip its flag to one and a half millions of people depending upon the growing of tobacco for support, and to grant to them a chance to have their labor receive its fair reward. Will you do it?

Mr. CULBERSON. Mr. President, I have been interested in the clear and admirable speech of the Senator from Kentucky [Mr. PAYNTER], just delivered. I have been interested in his statement of the extent of the monopoly of the American Tobacco Company and the oppressive measures which that company has resorted to in Kentucky to accomplish its monopolistic purposes. I have been interested also in the remedy suggested by the Senator from Kentucky; but into that I will not now go.

I simply rose for the purpose of inviting the attention of the Senate to the fact that we thought, popularly at least, that there was a remedy already on the statute books of the United States to prevent just such monopolies as this and to dissolve them if they should exist. It so happens that the last administration, through Attorney-General Bonaparte and the district attorney for the southern district of the State of New York,

instituted a proceeding to dissolve this corporation and to arrest its monopolistic tendencies. That case, Mr. President, was tried by four circuit judges of the United States, and opinions delivered by four of them, three of them concurring in the proposition that this was a monopoly and existing in violation of the laws of the United States.

I do not know what the purpose of the present Attorney-General is with reference to this matter, but he made a speech recently in the State of New York at a complimentary banquet given to him by the lawyers of New York City in which great doubt is thrown upon the course he proposes taking with reference to the enforcement of this law.

I want to call attention to the fact that the Attorney-General of the United States, where a case brought by his department is now pending before the Supreme Court, criticises the opinion of the court below in favor of the Government against the monopoly; and suggests, Mr. President, if I know the meaning of the English language, that if that is the proper construction, the present administration proposes to amend the law on the subject.

Now, let us see. This speech was delivered on the 30th of April in the city of New York. I ask, Mr. President, that the speech, as reported in the New York World of the 1st of May, may be printed in the RECORD.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Texas? No objection is heard.

The matter referred to is as follows:

TAFT ADMINISTRATION TO DROP ILL-ADVISED SUITS—ATTORNEY-GENERAL WICKERSHAM SAYS METHODS THAT WERE NECESSARY TO AWAKEN THE BUSINESS COMMUNITY ARE NO LONGER ESSENTIAL, BUT THAT ATTEMPTS TO FORM TRUSTS OR MONOPOLIES WILL BE VIGOROUSLY PUNISHED—HOPES TO AMEND SHERMAN LAW.

Before an assemblage of lawyers which comprised, almost without exception, every justice of the supreme court, every justice of the appellate division, every judge of the United States circuit court sitting in or near New York, and practically every personality of prominence in the legal profession, Attorney-General Wickersham, in a speech at Sherry's last night, outlined his programme concerning the administration of his office in general and the exercise of the Sherman antitrust law in particular.

William Nelson Cromwell, Senator CHAUNCEY M. DEPEW, D. Cady Herrick, William B. Hornblower, Martin W. Littleton, John G. Milburn, Victor Morawetz, Alton B. Parker, Francis Lynde Stetson, John B. Stanchfield, Edward M. Shepard, Henry W. Taft, Benjamin F. Tracy, Samuel Undermyer, and a score of other prominent corporation lawyers joined in the general tribute paid to the new Attorney-General by the members of the bar in this city.

#### MANY EULOGIZED THE GUEST.

Among those who eulogized the guest of the evening were Joseph H. Choate, Judge Gray, of Delaware; Presiding Justice Patterson, of the appellate division; Judge Ward, of the United States circuit court; and De Lancey Nicolai.

"There was a prevailing impression," said the Attorney-General, "that many of the laws dealing with economic subjects had been passed to be pointed to with pride, rather than to be enforced. Then there came a rude awakening. The last administration set to work with vigor, with energy, which was accompanied at times with newspaper clamor, to enforce these laws. Business men who eight years ago had not read the Sherman antitrust law to-day know it by heart, and railroad men and shippers alike have an intimate personal acquaintance with the interstate-commerce act."

"No American business man to-day can truthfully say he does not know that it is a crime for a railroad to give or a shipper to accept a rebate from the established interstate rate."

"The work of the present administration is none the less important than was that of the last in continuing to enforce the laws of the country and in endeavoring to effectuate the intent of the people, speaking through Congress, in preventing the things which the people have come to believe to be inconsistent with the welfare of the Republic; but the methods which were necessary to awaken the business community to a recognition of the existence and vitality of these laws are no longer essential."

"It may be, it probably is, true that in the movement to impress upon the whole business world the meaning and force of certain laws, and the necessity of attention and obedience to them, some suits were instituted and some prosecutions commenced without sufficient consideration and without adequate cause."

"When such conditions are found to exist, the present administration will not hesitate to withdraw the suits or dismiss the prosecutions. Such action must not, however, be taken as any indication of an intention by this administration to abandon in the slightest degree the vigorous, impartial enforcement of the law or to undo in any degree the splendid work of the last administration."

"We have heard frequently of late from representatives of certain business interests of the country cries of 'let us have peace' and 'let us alone.' The price of peace is obedience to law; those who honestly try to keep the law need not fear prosecution."

#### SHERMAN LAW STILL UNCERTAIN.

"I am perfectly well aware that there is an uncertainty as to the precise scope and meaning of that law which most closely touches all business activities of the country, namely, the Sherman antitrust law, and I should be the last to authorize the institution of a criminal proceeding against men who, without intent to violate the law, have, nevertheless, acted in technical contravention of an extreme and most drastic construction of that amendment."

"But certain of the principles underlying that law are assuredly now understood, and any attempt at this time, with the present construction of that law agreed upon by all the higher courts, to combine in the form of a trust or otherwise, with the obvious intention of restraining commerce among the States or of creating a monopoly of an important part of that commerce, would evidence such deliberate intention to

break the law as to justify and compel the Government to use all or any of the remedies given by law adequate to prevent the accomplishment of such purpose and to punish the attempt.

#### HOPES FOR EARLY DEFINITION.

"It is to be hoped that the Supreme Court will at an early date authoritatively define the full scope and effect of the antitrust law, and that if a construction should be given to it by that court as far-reaching as some of the judges of the court of appeals in this circuit gave in the tobacco case, Congress may so amend the act as to except from its provisions the ordinary agreements which are the necessary result of healthy business conditions, while still effectively prohibiting the creation of those far-reaching monopolies which are believed to be incompatible with the wholesome growth and progress of the Republic.

"This matter is under consideration by the present administration, with a view to submitting to the next Congress proposed amendments to the law."

Mr. CULBERSON. I will read one particular paragraph in this speech, that which refers specially to the American Tobacco Company case:

It is to be hoped that the Supreme Court will at an early day authoritatively define the full scope and effect of the antitrust law, and that, if a construction should be given to it by that court as far-reaching as some of the judges of the court of appeals in this circuit gave in the tobacco case, Congress may so amend the act as to except from its provisions the ordinary agreements which are the necessary result of healthy business conditions, while still effectively prohibiting the creation of those far-reaching monopolies which are believed to be incompatible with the wholesome growth and progress of the Republic.

This matter is under consideration by the present administration, with a view to submitting to the next Congress proposed amendments to the law.

Now, as I said a while ago, I do not know the purpose of the present Attorney-General with reference to the enforcement of this law; but it occurs to me, Mr. President, that it is extraordinary that the legal representative of the Government in a case pending before the Supreme Court of the United States should criticize the decision below and suggest that if that decision is correct the law ought to be amended and that the present administration contemplates submitting such an amendment to the Congress at the next session.

Mr. SIMMONS. Mr. President, I desire to offer an amendment, in the nature of an amendment to the amendment offered on yesterday by the Senator from Iowa [Mr. CUMMINS] to paragraph 97 of the pending bill. I will read the alteration I propose.

On page 26, line 3, strike out the words "and three-eighths," so that it will read "1 cent per pound;" in line 5, strike out the word "seven-eighths" and insert "one-fourth," so that it will read "1½ cents a pound;" in lines 6 and 7, strike out the words "two and three-eighths" and insert "one and three-fourths," so that it will read "1½ cents per pound;" in line 9, strike out the word "six-eighths;" in line 11, strike out the words "three and two-eighths" and insert "two and one-half;" and in line 13, strike out the words "four and two-eighths" and insert "three and one-half."

Mr. President, I offer this amendment—

The VICE-PRESIDENT. Does the Senator desire the Secretary to state the amendment to the Senate?

Mr. SIMMONS. Yes, sir.

The VICE-PRESIDENT. The Secretary will state the amendment proposed by the Senator from North Carolina.

The SECRETARY. On page 26, line 3, strike out the words "and three-eighths," so that it will read "1 cent per pound;" in line 5, strike out the word "seven-eighths" and insert "one-fourth," so that it will read "1½ cents a pound;" in lines 6 and 7, strike out the words "two and three-eighths" and insert "one and three-fourths," so that it will read "1½ cents per pound;" in line 9, strike out the word "six-eighths;" in line 11, strike out the words "three and two-eighths" and insert "two and one-half;" and in line 13, strike out the words "four and two-eighths" and insert "three and one-half."

Mr. ALDRICH. Will the Senator answer me a question? As I followed his amendment, the rates suggested by the Senator from North Carolina are practically the rates suggested by the Mills bill.

Mr. SIMMONS. The Senator is mistaken about that. I have not compared it with the Mills bill.

Mr. ALDRICH. I do not mean the Mills bill. I mean the Wilson law.

Mr. SIMMONS. I have not compared it with the Wilson law. Mr. ALDRICH. With the exception of one or two brackets at the end, they are the rates fixed by the Wilson-Gorman bill.

Mr. SIMMONS. Mr. President, it may be that the rates are the same as those fixed by the Wilson-Gorman law. That, to my way of thinking, does not at all discredit the amendment, but rather commends it.

However that may be, the rates proposed in my amendment are lower than those proposed in the amendment of the Senator from Iowa [Mr. CUMMINS]. They are the exact rates sug-

gested by Mr. Jones, the glass manufacturer, of Morgantown, W. Va., from whose letter and statement to the Committee on Ways and Means the Senator from Iowa yesterday read. I am glad the Senator from Iowa read that letter, because, if he had not, I should have read it.

I repeat, my amendment follows the suggestion of Mr. Jones, who is one of the largest manufacturers of window glass in the State of West Virginia. It has been suggested, for the purpose, I suppose, of discrediting Mr. Jones's statement, that while he is a manufacturer, he is also a Democrat, and I believe it was stated that he is a free trader.

I do not know whether Mr. Jones is a Democrat or not; but that he is not a free trader is shown conclusively by the letter which he writes and by the rates upon his product which he suggested to the House committee. The rates which he suggested to the House committee on this particular article, while less by about 25 per cent than the Dingley rate on that article, are still about the average rates of the pending bill upon all dutiable products. If Mr. Jones is a free trader, he has a strange way of showing it.

But, Mr. President, the attempt to discredit this witness has failed. Nobody has said—and I think about all that can be said to discredit him has been said—that he is not a man of character. Nobody has denied that he is a man of intelligence. Nobody has denied that he is a large manufacturer of glass, and nobody has denied that he is competent to speak intelligently with respect to what the industry in which he is engaged needs in the way of protection.

What Mr. Jones says is that the present rate upon his product is about 25 per cent higher than is necessary to afford him the protection which he, as a manufacturer, thinks he is entitled to.

Nor is Mr. Jones alone in the position he has taken with respect to this duty. I have here, and I desire to read from it, a statement filed before the Committee on Ways and Means of the House by Mr. Goertner, on behalf of a large number of gentlemen engaged in business connected with the importation of foreign products into this country. Some of them are located in New York, some in Boston, some in Philadelphia, and some in Hoboken. This statement is signed by Semon Bache & Co., of New York, by Seigmond J. Bache, president; the Boston Plate and Window Glass Company, of Boston, by E. A. Hills, director; Benjamin Griffen, D. A. Van Horne & Co., Theo W. Morris Company, Bendit, Drey & Co., Jacques Kahn, New York; John Lucas & Co., Caspar W. Briggs, Philadelphia; Schrenk & Co., by Jul. J. Gibian, secretary, of Hoboken.

It is said that they are importers, and that that fact disqualifies them to speak with reference to what is a proper tariff duty upon any article which they import. The Senator from Rhode Island has stated at sundry times during the course of this debate that his committee in fixing these schedules advised with manufacturers interested in various items of the bill.

I do not criticize the majority of the committee for pursuing that course. On the contrary, I think the committee were entirely right in calling before them men who are interested, whether as producers or consumers, in these schedules, and obtaining the benefit of such information as they might be able to give. I submit, Mr. President, if the manufacturers' interest in raising these schedules is not a discrediting circumstance in the judgment of the committee, the fact that the importer happens to be interested to some extent upon the other side of the question is not a circumstance which should discredit him.

Every lawyer knows perfectly well what is the effect upon his testimony of an interest on the part of a witness. It is supposed to some extent to color his testimony, but it does not discredit it. The weight of testimony of an interested party, in the last analysis, must depend, in this forum, as it does in the court-house and in every other forum where men speak, upon the character and intelligence of the witness.

Who has attacked the character of these importers of New York, Boston, and Philadelphia, or their qualification to speak upon this subject? No one has done so, and I am assured no one can do it successfully. From what I have heard of these gentlemen, I am sure their statements are entitled to respectful consideration from this body, and I will read from them. They say:

Even in 1897—

The year the Dingley Act was passed—

Even in 1897, and for a considerable period before that date, the rates imposed upon practically all varieties of glass were excessive. Under present conditions they are excessive to an inordinate degree; in fact, to a very great extent prohibitory.

Proceeding, the statement says:

Taking up the duties on unpolished cylinder, crown, and common window glass—



That is the paragraph we now have under consideration—and it is the kind of glass used in building homes, and is strictly a necessity of life—"the present tariff affords almost an exact parallel to that on plate glass."

Which had just been discussed and characterized as practically prohibitory.

In this, a cheaper article, in which an increased cost bears most hardly upon the poorer classes of our population, the present tariff will average about 100 per cent or more, figuring upon the ordinary window glass, which comprises by far the greater part of the total consumption. We recommend the adoption of the following schedule on unpolished cylinder, crown, and common window glass:

Sizes not exceeding 10 by 15 inches, three-fourths of a cent per pound.

That is one-fourth of a cent less than Mr. Jones, the glass manufacturer, recommended.

Sizes exceeding 10 by 15 inches and not exceeding 16 by 24 inches, 1 cent per pound.

That is still less.

Sizes exceeding 16 by 24 inches and not exceeding 24 by 30 inches, 1½ cents per pound. 1½

Sizes exceeding 24 by 30 inches and not exceeding 24 by 36 inches, 1½ cents per pound. 1½

Sizes exceeding 24 by 36 inches, do. 1½

Recommending in each case a less rate than that recommended by the West Virginia glass manufacturer and embraced in my amendment.

Here we have the testimony of witnesses called before the Ways and Means Committee of the House by invitation, because it was supposed that they possessed knowledge of this matter, one of them a manufacturer of glass, the others among the largest importers in this country, all concurring in the opinion that the duties imposed by the Dingley bill are too high. The Dingley rates are substantially the same as those carried by the pending bill on this article. In fact, there is no reduction from the Dingley rates upon the smaller glass used in the homes of the people, and there is a reduction of only one-eighth of 1 per cent upon the larger sizes. All of these witnesses suggest that these rates are excessively high.

Mr. President, it is said that a high duty should be placed upon glass in order to stimulate and encourage the industry, which, it is claimed, is not so highly developed in this country as some other industries; that it is still, in a certain sense, in its infancy, struggling against adverse conditions and must have additional protection in order to encourage its further development. I have made some little investigations into the glass business, and I have discovered this situation: In 1890 the total amount of capital invested in the production of glass in this country was \$40,966,000. In 1900, ten years afterwards, the amount invested was \$61,423,000, an increase of 50 per cent in ten years. In 1905 the capital invested in this industry had increased from \$61,000,000, in round numbers, to \$89,000,000, an increase in five years of about 45 per cent. In other words, the profit of manufacturing glass was so attractive to capital that the amount invested in it has more than doubled in fifteen years. That does not look like a struggling or moribund industry.

But, Mr. President, the Republican definition of the protection to which the industries of this country are entitled—

Mr. OLIVER. Mr. President—

The VICE-PRESIDENT. Does the Senator from North Carolina yield to the Senator from Pennsylvania?

Mr. SIMMONS. Certainly.

Mr. OLIVER. I should like to ask the Senator from North Carolina if these investments to which he refers were in the window-glass industry?

Mr. SIMMONS. No; the glass industry generally, window glass included.

Mr. OLIVER. It could not possibly refer to window-glass investments.

Mr. SIMMONS. The Republican platform definition of the amount of protection to which the industries of this country are entitled is the difference in the cost of production here and abroad plus a reasonable profit.

Let us examine this industry with reference to the application of this principle which we are assured by the chairman of the Finance Committee is the principle upon which this bill is framed. In the first place, I want to call the attention of the Senate to some facts with reference to the difference between the cost of production of window glass here and abroad. I hope to show the Senate that the duty which is now proposed not only exceeds by four or five times this difference, but it is over twice the amount of the total cost of its production abroad.

In the letter from Mr. Jones, from which I read a little while ago, a statement is made with reference to the material cost abroad. This statement of Mr. Jones is corroborated by the importers from whom I quoted just a minute ago. Mr. Jones's statement with reference to the material cost is as follows:

A former manufacturer, who carefully investigated the costs some years ago in Europe, informed me that the cost of raw material and

fuel for the manufacture of window glass is as cheap in this country as in Europe, and in that respect foreign manufacturers have no advantage over us.

Even stronger than this is the statement of Mr. Simon Backe. It is as follows:

Both schedules—

Meaning the plate-glass and window-glass schedules—

violate the preselection pledges, as the duties proposed are anywhere from four to ten times the difference in cost of production between the United States and Europe—in fact, it is an open question if there is any difference. The best modern American factories probably produce glass as cheaply as in Europe.

Mr. President, the difference between the cost of production of this article here and abroad, if any, does not consist in the cost of the raw materials; for, I think, the testimony shows that that is substantially the same. Whatever difference there is—and I do not deny that there is some difference—is to be found in the labor cost.

The labor cost used to be considerably more in this country than it is now; but about 1905 there was invented a machine for making this glass, which before that time had been made by hand. That machine is controlled absolutely by one corporation in this country, and since its introduction the labor cost in making this character of glass in this country has been very small. It is not half what it was before that time, and to-day the difference in the labor cost of this class of glass here and abroad will not exceed 20, certainly not more than 25, per cent.

I wish in support of that proposition to call attention to the total cost of producing this article in Europe and its selling price in this country. I have not been able to get the labor cost in Europe separated from the material cost; I have not been able to get exactly the cost of production in this country; but we have had prepared for us an authoritative statement, showing the total cost of this product, size by size, just as you have it in this bill, in Europe, and the selling cost of each of these sizes in this country. The comparison is not exactly accurate, because, of course, in the selling cost in this country there is included in addition to cost the profits of the manufacturer.

First, take the smaller sizes of this glass, exceeding 10 by 15 and not exceeding 14 by 20—the kind used in the homes of the poorer classes. The foreign cost per box of 50 feet is 95 cents. The selling price of American glass of the same size and dimensions is \$1.20, a difference of only 25 cents.

Now, take the larger size. Exceeding 35 by 50 and not exceeding 35 by 54, the foreign cost of a box of 50 feet is \$1.65. The American selling price of that glass is \$1.88. So the difference between the cost of producing this article in Europe and the price at which it is sold here, with profit added, is only 23 cents per box of 50 feet. The difference in the labor cost here and abroad, therefore, can not exceed, by the most liberal estimate, more than 25 per cent.

Now let us see what is the labor cost of producing glass in this country. I have taken some little pains to find out the labor cost of this article in the United States.

The census tables show that in 1880 it was 43 per cent of the value of the product; in 1890, 50 per cent; and in 1900, 49 per cent, averaging something like 50 per cent.

If the difference between the labor cost here and abroad is 25 per cent, the protection provided in the paragraph under discussion is more than three times this difference. Take, for illustration, the smaller sizes specified in this paragraph, above 10 by 15 inches and not exceeding 16 by 24 inches, the equivalent ad valorem duty prescribed is 71.59 per cent—in some of the larger sizes it is more—on one, as high as 86 per cent—not only three times the difference in labor cost of production, but from 21 to 36 per cent more than the total labor cost in this country.

Mr. ALDRICH. Will the Senator permit me?

The VICE-PRESIDENT. Does the Senator from North Carolina yield to the Senator from Rhode Island?

Mr. SIMMONS. Certainly.

Mr. ALDRICH. Is that added to the cost of the glass in this country?

Mr. SIMMONS. Under present conditions, no; but under the conditions which may be created any day by according to this industry a greater amount of protection than it needs, even from the protectionist standpoint, a trust may be formed, and in all probability will be formed, in the manufacture of window glass as has been done in the manufacture of plate glass, when domestic competition will cease and the price be advanced to the limit of the excessive protection rate prescribed.

Mr. H. E. Miles, the big Republican and protectionist manufacturer, who figured so conspicuously in the last campaign by reason of his declaration with reference to the excessive rates of the Dingley law, and who figured so prominently of late in the tariff hearings before the Ways and Means Committee of

the House, was absolutely right when he said that when Congress gave an industry more protection than it needed to hold its own with foreign competition the manufacturers regarded it as an invitation to combine and, by suppressing domestic competition, advance the price of their product to the full limit of the duty.

These duties are not now added to the cost of window glass, because domestic competition still exists and keeps down the price; but it is practically certain that, sooner or later, the invitation and temptation of these excessive and prohibitive rates will land this branch of the glass industry into a trust, just as they led the plate-glass manufacturers into a trust.

Mr. President, I did not rise this morning for the purpose of making a speech at all. I simply wanted to submit a few brief observations upon this schedule in an attempt to show, if I could, how utterly unnecessary are the duties it is proposed to place upon window glass, upon either the revenue theory or the protective theory of tariff taxation.

I have not only shown that these duties are two or three times greater than the difference in labor cost here and in Europe, but I have shown that they are from 21 to 36 per cent in excess of the total labor cost in this country.

Mr. McCUMBER. Mr. President—

The PRESIDING OFFICER (Mr. KEAN in the chair). Does the Senator from North Carolina yield to the Senator from North Dakota?

Mr. SIMMONS. Yes; in a moment. As excessive as is the duty on these smaller sizes, the duty provided upon the larger sizes, 30 by 40 and not exceeding 40 by 60, is even more disproportionate.

Mr. McCUMBER. I wish to ask the Senator a question, just for information.

Mr. SIMMONS. Certainly.

Mr. McCUMBER. I understand that nearly all this character of glass is imported from Belgium. In estimating the comparative cost of production at home and abroad, and the comparative wages, does the Senator wish to be understood as saying that the Belgian laborer in the glass works receives within 25 per cent as much as the American laborer?

Mr. SIMMONS. If the tables I have here are true, the difference can not exceed 25 per cent. These tables refer to the cost in Europe, without specifying any particular country. But the argument I was making when interrupted was that the duty was from 21 to 36 per cent more than the entire labor cost in this country.

Mr. McCUMBER. If the Senator will pardon me, I want to ask him, if he has the information, what is the difference in the cost of production in Belgium of the glass mentioned in subdivision 1 of this paragraph—that is, the paragraph relating to glass under 15 by 10—as compared with this country?

Mr. SIMMONS. The only light I am able to give the Senator upon that question is contained in a table I have here in the hearings, purporting to show the total cost of production of each one of these items in paragraph 97 abroad, and showing the selling price in this country of each one of those different sizes of window glass.

Mr. McCUMBER. I wish to call the Senator's attention to the fact that the price differs very materially in Great Britain and Germany and in Belgium, I understand; and as practically all these importations come from Belgium, I thought that would be the proper country to consider in the matter of comparative cost.

Mr. SIMMONS. The Senator is right in saying the test should be the labor cost in that competing country where labor is cheapest, and that may be Belgium, as he says; but, as he knows, we have to rely for information upon these questions mainly upon the testimony in these hearings, and I have not been able to find anything in them showing the cost in Belgium.

Mr. McCUMBER. I understand that it gives us the production cost in each country.

Mr. SIMMONS. No; only the foreign cost.

Mr. McCUMBER. What are those items?

Mr. SIMMONS. It does not give the production cost in each country. I think it gives the average cost in Europe. I will read it to the Senator.

Mr. CUMMINS. Mr. President—

The VICE-PRESIDENT. Does the Senator from North Carolina yield to the Senator from Iowa?

Mr. SIMMONS. With pleasure.

Mr. CUMMINS. Possibly I may clear up a little confusion that seems to be creeping into the debate by the suggestion that the cost abroad or the value abroad, as shown by our tables, can not be compared with the cost of the ordinary window glass in this country, because it is not the same kind of glass.

Mr. SIMMONS. That is absolutely true. A comparison can be made, but for the reason given by the Senator it is not accurate.

Mr. CUMMINS. It is not used for the same purpose. The foreign glass of the class which was imported last year, for instance, or in 1907, was greatly more than the selling price of the common window glass in our own country. It is now, I think, recognized and admitted by everybody who has given any study to this subject that the glass we import is not used for window glass. It is used for pictures, and what is known as dry plates in the photographic process. We do not import any common window glass, or, if any, not in an appreciable quantity. So the comparisons that were just being instituted might lead to a false conclusion.

Mr. McCUMBER. As I understand the Senator then, there is no imported window glass used for window glass?

Mr. CUMMINS. Practically none.

Mr. SIMMONS. The statement of the Senator from Iowa is substantially correct. There could not be any importations with the present duty upon this kind of glass and with the present selling price of glass in this country. The duties are absolutely prohibitory upon that particular kind of glass. As I understand, the same sizes are imported; but it is a glass of different quality, a glass of different thickness, known to the trade by a different designation—known as "dry plates," I believe—and is used for a different purpose altogether. It comes in under the duties imposed in these schedules, because it happens to be of the same size; and they pack it in boxes of the same number of feet; and for these reasons the amount of importations of these sizes, as shown by the Statistical Abstract and by the estimates accompanying the bill, is misleading.

There is practically none of this kind of glass imported into this country, and none can be imported as long as it is selling at the prices which now obtain in this country. Mr. President, that is perfectly patent. Take the larger sizes, exceeding 30 by 50 and not exceeding 30 by 54. The foreign cost per box of 50 square feet of that glass was \$1.65. The duty is \$2.02. The duty is therefore 37 per cent greater than the total cost of production of this class of glass abroad.

Take the smaller sizes. The foreign cost per box is 95 cents; the duty is 98 cents. The duty therefore is 3 cents more than the entire cost—labor, material, and everything else—abroad. When you add that duty and add freight, the selling price of this larger size of the foreign glass in New York is \$3.78, as against the American selling price of glass of this size, described in this paragraph, which is \$1.88. So with the duty and freight added the cost of the larger sizes of the kind of foreign glass that is brought in here under this paragraph is more than twice the American selling price of the same sizes of window glass made here and intended to be covered by these duties.

Now, Mr. President, I am trying to treat this tariff question from a practical standpoint. I recognize the conditions that exist. I know that this is going to be a Republican bill, and I know that the Republican majority in Congress have been instructed by the people it represents to make it a protective measure. But, while this is true, it is also true that the Republican masses, having in view, probably, former experiences, took the precaution to accompany their instruction and command with a specific definition of what they regarded as the measure of protection which should be accorded the industries of the country.

I do not agree with the tariff declaration of the Republican platform. I do not think we have a right in levying tariff duties to consider primarily the question of difference in industrial and economical conditions here and abroad. Especially I do not agree that we have any right in framing a tariff bill to guarantee the industries of the country a profit of any kind, whether reasonable or otherwise. Every tariff ought to be levied primarily for the purpose of raising revenue to support the Government. It ought to rest as lightly as possible upon the necessities of life, and it ought to be distributed as much as possible upon all the interests in the country so that each productive industry will bear its part of the burden and receive its part of the incidental benefits of tariff taxation.

I do not advocate free trade; on the contrary, I believe that in levying these duties for the purpose of raising this revenue, we should not lose sight of the fact that there are many things that the foreigner can make cheaper than we can, and where the conditions of competition are obviously unequal, I think in laying these duties we should so adjust them as to afford the largest incidental protection to those things which most need to be secured against unequal foreign competition. In this way the burdens and benefits can in some degree be distributed and counterbalanced.

But, as I said, Mr. President, we are framing a bill not upon Democratic principles, but upon Republican principles, and in the discussion of these schedules we can not lose sight of this fact without running the risk of bringing about a discrimination



against certain industries and certain sections and, instead of decreasing, increasing the inequalities in the burdens and benefits of the tariff.

If the Republican party, who are making this bill and who are responsible for it, make a protective measure, I have no right to complain, because that will be in accordance with the instructions they have received from the people. We have no right to expect anything else. But when it is proposed to levy duties as in the case of the paragraph now under consideration, which violates every known principle of tariff taxation, which raises no revenue, which imposes duties from four to five times higher than are needed for the purpose of protection according to the Republican definition of the amount of protection the industries of the country are entitled to receive, I have a right as a minority Senator, representing a Democratic State which does not believe in the protective system, to protest; and all the people, whether Democrat or Republican, have a right to protest.

What is the result, Mr. President, of a duty which is not only four or five times the difference between the labor cost here and abroad, but two or three times greater than the total labor cost either here or abroad? I can not answer this question better than to repeat the declaration of Mr. H. E. Miles, one of the largest manufacturers and best informed men of the country upon the subject of the tariff, a Republican and a protectionist, when he declared during the last campaign, and I think again in his testimony before the Ways and Means Committee of the House, that when manufacturers are given a larger amount of protection than is needed to cover the difference between the cost of production here and abroad, they regard the action of Congress in voting them this unnecessary protection as an invitation to them to put their product in a trust, suppress domestic competition, and advance the price of their product to the full amount of the duty.

The schedule we are now considering illustrates this condition: The proposed duty, as Mr. Bache says, is four or five times greater than the difference between the labor cost here and abroad. Upon the smaller sizes it proposes a duty of 3 per cent more than the total cost, labor and material, abroad; upon the larger sizes, 37 per cent more than the total cost, labor and material, abroad.

The manufacturers of this character of glass are not now in a trust, but with this inducement and invitation it is almost certain that sooner or later they will follow the example of the plate-glass manufacturers and exploit the American producer to the limit of the duty by the imposition and exaction of exorbitant and monopolistic prices. Of course, Mr. President, the man who will suffer is the ultimate consumer. He not only pays the tax upon imports which the Government receives, but he pays a tax to the domestic producer when the price is advanced as a result of overprotection.

From any standpoint the rate under discussion is indefensible. It is not needed for revenue, because it will bring no revenue—it is prohibitory. It is not needed to protect American capital or labor against foreign competition, because it is several times in excess of the difference in the cost of this product here and abroad. It ought to be reduced, and heavily reduced.

In the amendment I have offered I have adopted the rate of duty suggested by the West Virginia manufacturer of glass, to whom I have before referred, not because I thought that the duty suggested by him was low enough, but because I thought the Republican party would at least be willing to accept the suggestion of a manufacturer of this product as to the amount of duty which in his judgment would be amply sufficient to secure him against unequal foreign competition.

The reduction proposed in my amendment is a moderate one—it only amounts to about 25 per cent. It ought to be reduced more than twice that amount; but, Mr. President, as I said, I am seeking results, and I knew it was useless to ask this body to make so great a reduction as that. I believe that a duty of 25 per cent upon this product would afford abundant protection, even from the Republican standpoint, and it is doubtful whether, even with a duty no greater than that, there will be any considerable importations, with resulting revenue to the Government.

Mr. GALLINGER. Mr. President, I wish to ask the Senator from North Carolina a question.

The PRESIDING OFFICER (Mr. KEAN in the chair). Does the Senator from North Carolina yield to the Senator from New Hampshire?

Mr. SIMMONS. Mr. President, I have finished; but I shall be glad to answer the question, if I can.

Mr. GALLINGER. The Senator seems troubled over the fact that these duties are so high; but notwithstanding they are high, upon looking at the statistics I do not find that they have kept foreign countries from exporting their glass into this country in very large quantities.

Mr. SIMMONS. I have just undertaken to show—probably the Senator was not here—that the kind of glass imported, as shown by the imports, is altogether of a different kind, as to quality and thickness, and only like this glass in size; and that, therefore, those figures are irrelevant and misleading.

Mr. GALLINGER. Mr. President, I have no disposition to delay the consideration of this or any other schedule. I share with the Senators who want to see the end of this bill as speedily as possible. But I have been somewhat interested in the discussion of this schedule by the Senator from North Carolina. I listened to his very fervent speech on lumber, and I sympathized with him, and I shall vote with him on that schedule. But if he will take the testimony that was given before the Committee on Ways and Means of the other House on the lumber schedule, he will find a great many more witnesses who testified that lumber ought to be on the free list than he has cited to-day in favor of a reduction of duty on glass. So I think those of us who are going to ignore the testimony on the lumber schedule will take with some grains of salt the testimony the Senator has presented here this morning on the part of some importers and one manufacturer in reference to the schedule on glass.

I did not know, Mr. President, whether these duties are too high or not. I know that they are substantially the duties which have prevailed for a great many years, and I know that under the existing law an enormous quantity of foreign glass has been sent into this country that, I presume, could be manufactured by our own people as well as not.

In this connection—and it is all I am going to contribute to the discussion—I want to call attention to a statement made by 11 of the large glass manufacturing concerns in this country, who argue that the duties are too low, and that if they are not increased above the amount in the bill at the present time, disaster will come to the manufacturers of glass in this country on certain grades of glass. As this is a brief and very lucid statement of their side of the case, I desire to ask unanimous consent that it may be placed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The paper referred to is as follows:

PROPOSED COMPROMISE AMENDMENTS—SCHEDULE B, PAYNE TARIFF BILL.

Paragraphs 98, 100, and 101 of the Payne tariff bill should be revised to enable the American plate-glass manufacturers to operate their factories. These paragraphs are so closely linked that changes made in one necessitate changes in the others. They should be amended to read as follows:

"Paragraph 98. Cylinder and crown glass, polished, not exceeding 384 square inches, 8 cents per square foot; above that and not exceeding 720 square inches, 12 cents per square foot; above that, 15 cents per square foot.

"Paragraph 100. Cast polished plate glass, finished or unfinished and unsilvered, not exceeding 384 square inches, 12½ cents per square foot; above that and not exceeding 720 square inches, 18½ cents per square foot; all above that, 22½ cents per square foot.

"Paragraph 101. Cast polished plate glass, silvered, cylinder and crown glass, silvered, and looking-glass plates exceeding in size 144 square inches and not exceeding 384 square inches, 15 cents per square foot; above that and not exceeding 720 square inches, 21 cents per square foot; all above that, 25 cents per square foot: *Provided*, That no looking-glass plates or plate glass, silvered, when framed, shall pay a less rate of duty than that imposed upon similar glass of like description not framed, but shall pay in addition thereto upon such frames the rate of duty applicable thereto when imported separate."

(Paragraph 102 should remain as given in the Payne bill.)

WHY THE COMPROMISE RATES ON PLATE GLASS SHOULD BE GRANTED.

1. American factories to produce the same quantities of plate glass cost much more to build than European ones, hence larger investments and need of larger returns per square foot.

2. It costs 18½ cents more per square foot to manufacture polished plate glass in America than in Europe.

3. The American manufacturer's market is limited to United States, while United States is the dumping ground of all other plate-glass producing countries.

4. Imports under the Dingley law have increased 2,445 per cent in the first bracket, 762 per cent in the second bracket, 557 per cent in the third, and 3,099 per cent in the fourth, an average on all sizes of 864 per cent, while American production has only increased about 100 per cent during the same period, showing the present tariff to be an improper one.

5. Glass in the first two brackets, under the Dingley law, constituting in excess of 40 per cent of the total consumption, must be sold below cost of production. Fully 30 per cent must be cut down from profitable sizes.

(Automobile wind shields constitute 5 per cent of the total consumption and are sold below cost by the manufacturer.)

The windows in the new House of Representatives and Senate Office Buildings are all glazed with plate glass sold by the manufacturers below cost of production.

These are the type of "poor" consumers that purchase small sizes of plate glass. There is no justice in this condition. There should be more protection on small glass.)

6. The Payne bill as it stands would still compel the sale of glass in the first two brackets below cost, and by a reduction of tariff on large glass from 35 cents to 22½ cents per square foot would not give the manufacturers an opportunity of making up this loss.

7. The proposed compromise rates of 12½, 18½, and 22½ cents per square foot, paragraph 100, while still compelling the sale of glass in the first bracket below cost, would allow the sale of glass in the second bracket at cost and glass in the two upper brackets at a slight profit,

assisting the manufacturers to meager returns. The reduction in rate in the fourth bracket should increase imports materially and the Government revenues should be much larger. The average of the compromise rates based on the country's consumption are a reduction on the Dingley rates.

Changes in paragraph 100 to be of value must carry with them the corresponding changes in paragraphs 98 and 101.

Imports under Dingley law of plate glass, cast, polished, finished or unfinished, and unsilvered.

NOT EXCEEDING 16 BY 24 INCHES—(DUTY, 8 CENTS PER SQUARE FOOT).

Fiscal year ending June 30—	Quantity.	Deduct 1898 imports.	Increase over 1898.	
			Quantity.	Per cent.
	<i>Square feet.</i>	<i>Square feet.</i>	<i>Square feet.</i>	
1898.....	47,452.00			
1899.....	74,704.25	47,452.00	27,252.25	57.43
1900.....	105,823.10	47,452.00	58,371.10	119.85
1901.....	332,782.06	47,452.00	285,330.06	601.30
1902.....	382,232.57	47,452.00	334,780.57	705.49
1903.....	651,728.95	47,452.00	604,276.95	1,273.45
1904.....	567,892.36	47,452.00	520,440.36	1,096.77
1905.....	682,597.21	47,452.00	635,145.21	1,338.50
1906.....	1,030,312.71	47,452.00	1,082,860.71	2,113.42
1907.....	1,207,575.78	47,452.00	1,160,123.78	2,445.04

ABOVE 16 BY 24 AND NOT EXCEEDING 24 BY 30 INCHES—(DUTY, 10 CENTS PER SQUARE FOOT).

1898.....	580,769.00			
1899.....	385,095.45	580,769.00	145,673.55	27.44
1900.....	428,214.15	580,769.00	102,554.85	19.32
1901.....	1,475,244.38	580,769.00	894,475.38	177.94
1902.....	1,545,892.29	580,769.00	1,015,083.29	191.21
1903.....	3,294,124.26	580,769.00	2,763,355.26	520.63
1904.....	2,442,959.60	580,769.00	1,912,190.60	360.27
1905.....	4,322,668.77	580,769.00	3,792,899.77	714.60
1906.....	5,178,211.65	580,769.00	4,647,442.65	875.61
1907.....	4,577,039.11	580,769.00	4,046,269.11	702.34

ABOVE 24 BY 30 AND NOT EXCEEDING 24 BY 60 INCHES—(DUTY, 22½ CENTS PER SQUARE FOOT).

1898.....	112,959.00			
1899.....	404,673.99	112,959.00	291,714.99	258.24
1900.....	369,676.95	112,959.00	256,717.95	227.27
1901.....	705,308.72	112,959.00	592,349.72	524.39
1902.....	946,916.03	112,959.00	833,957.03	738.28
1903.....	1,191,173.32	112,959.00	1,078,214.32	956.29
1904.....	811,309.45	112,959.00	698,350.45	618.23
1905.....	792,579.50	112,959.00	679,620.50	601.65
1906.....	898,294.35	112,959.00	785,335.35	695.42
1907.....	741,947.26	112,959.00	628,988.26	556.83

ALL ABOVE 24 BY 60 INCHES—(DUTY, 35 CENTS PER SQUARE FOOT).

1898.....	5,655.00			
1899.....	60,738.00	5,655.00	55,083.00	974.06
1900.....	145,611.00	5,655.00	139,956.00	2,474.91
1901.....	724,724.32	5,655.00	719,069.32	12,715.64
1902.....	1,320,455.18	5,655.00	1,322,800.18	23,409.37
1903.....	1,162,111.40	5,655.00	1,156,456.40	20,450.16
1904.....	595,195.41	5,655.00	589,540.41	10,425.12
1905.....	265,442.69	5,655.00	259,787.69	4,593.95
1906.....	164,416.00	5,655.00	158,761.00	2,807.44
1907.....	180,913.26	5,655.00	175,258.26	3,099.17

#### TOTAL OF ALL SIZES.

1898.....	696,835.00			
1899.....	925,211.09	696,835.00	228,376.09	32.77
1900.....	1,048,825.20	696,835.00	351,990.20	50.51
1901.....	3,238,039.45	696,835.00	2,541,204.45	364.68
1902.....	4,204,406.07	696,835.00	3,507,571.07	508.37
1903.....	6,290,137.93	696,835.00	5,602,302.93	803.93
1904.....	4,417,350.82	696,835.00	3,720,515.82	533.92
1905.....	6,064,288.17	696,835.00	5,367,453.17	770.25
1906.....	7,291,234.71	696,835.00	6,594,399.71	946.34
1907.....	6,707,495.41	696,835.00	6,010,660.41	864.60

\* Decrease.

#### Paragraph 100—Payne tariff bill.

##### PLATE-GLASS DATA.

American cost of manufacture per square foot.....	\$0.325
European cost of manufacture per square foot.....	.14
Difference per square foot.....	.185

Brackets.	Dingley rates.	Add foreign cost.	Protec-tion to.	Ameri-can cost.	Results based on Dingley rates and costs.
Up to 16" by 24".....	0.08	0.14	0.22	0.325	\$0.105 loss per square foot.
Above and up to 24" by 30".....	.10	.14	.24	.325	\$0.085 loss per square foot.
Above and up to 24" by 60".....	.225	.14	.365	.325	\$0.04 gain per square foot.
Over 24" by 60".....	.35	.14	.49	.325	\$0.165 gain per square foot.

#### Paragraph 100—Payne tariff bill—Continued.

Brackets.	Payne bill.	Add foreign cost.	Protec-tion to.	Ameri-can cost.	Results based on Payne rates and costs.
Up to 16" by 24".....	0.10	0.14	0.24	0.325	\$0.085 loss per square foot.
Above and up to 24" by 30".....	.125	.14	.265	.325	\$0.065 loss per square foot.
Above and up to 24" by 60".....	.225	.14	.365	.325	\$0.04 gain per square foot.
Over 24" by 60".....	.225	.14	.365	.325	\$0.04 gain per square foot.

  

Brackets.	Pro-posed compro-mise.	Add foreign cost.	Protec-tion to.	Ameri-can cost.	Results based on compro-mise rates and costs.
Up to 16" by 24".....	0.125	0.14	0.265	0.325	\$0.065 loss per square foot.
Above and up to 16" by 24".....	.185	.14	.325	.325	Sell at cost.
Above and up to 24" by 60".....	.225	.14	.365	.325	\$0.04 gain per square foot.
Over 24" by 60".....	.225	.14	.365	.325	\$0.04 gain per square foot.

Brackets.	Country's consumption.	Normal production.
Up to 16" by 24".....	Per cent. 10	3
Above and up to 24" by 30".....	30	7
Above and up to 24" by 60".....	25	25
Over 24" by 60".....	35	65
Total.....	100	100

NOTE.—Thirty per cent of glass produced over 24 by 60 inches must be cut down to sizes up to 24 by 30 inches, cut from a possible profit under Dingley law of 16½ cents to a loss of 8½ cents to 10½ cents per square foot.

#### Tariff averages.

[Based on consumption of country.]

Brackets.	Consump- tion.	Dingley.		Payne.		Proposed compromise.	
	<i>Per cent.</i>						
Up to 16" by 24"	10	0.08	0.80	0.10	1.00	0.125	1.25
Above and up to 24" by 30"	30	.10	3.00	.125	3.75	.185	5.55
Above and up to 24" by 60"	25	.225	5.625	.225	5.625	.225	5.625
Over 24" by 60"	35	.35	12.25	.225	7.845	.225	7.845
Average protection per square foot		.21675		.1822		.2027	

NOTE.—The proposed compromise is a reduction on the Dingley law. Possibility of profit under compromise.

Consumption.	Loss.	Gain.
10 per cent.....	0.065	0.65
30 per cent.....		
25 per cent.....		0.04
35 per cent.....		.04
		2.40
2.40 less .65		

1.75—\$0.0175 profit per square foot on cost of \$0.325, or 5.38 per cent.

Revenue from proposed compromise plate-glass rates.

[1906 imports used as basis.]

Bracket.	Quantity.	Rate.	Duty.	Duty under Dingley law.
Up to 16" by 24".....	<i>Square feet.</i> 1,030,312.71	\$0.125	\$131,289.09	\$84,025.05
Above that and not exceeding 24" by 30".....	5,178,211.65	.185	957,969.16	517,821.10
Above that and not exceeding 24" by 60".....	898,294.35	.225	202,116.25	202,116.25
All above 24" by 60".....	164,416.00	.225	36,993.60	57,545.56
	7,291,234.71		1,328,368.10	861,507.96
Increase.....			466,860.14	



Glass in the first bracket (up to 16 by 24 inches) will still enter the country below American cost of manufacture, and the imports should not diminish. Glass in the second bracket can still enter the country at American cost of manufacture, and in view of the quantities entering in the next two brackets at higher than American cost of manufacture, imports in the second bracket should hold their own, although there might be a slight reduction. The third-bracket rate will remain as it is, and so should the imports. It is reasonable to assume that importations in the fourth bracket (all sizes exceeding 24 by 60 inches), by reduction in tariff from 35 to 22½ cents, making the rate the same as on glass over 24 by 30 inches and not exceeding 24 by 60 inches, will increase proportionately to the ratio of consumption in the two brackets, or about as 35 is to 25. The importation of sizes exceeding 24 by 60 inches should therefore be 1,257,610.09 square feet. The possible revenue under proposed compromise rates should then be:

Bracket.	Quantity.	Rate.	Duty.	Duty under Dingley law.
Everything up to 24" by 60"	Square feet. 7,126,818.71	\$0.125 .185	\$1,291,374.50	\$803,962.40
Over 24" by 60"	1,257,610.09	.225 .225	282,062.27	57,545.56
	8,384,428.80		1,574,336.77 861,507.96	861,507.96
Increase.....			712,828.81	

WASHINGTON, D. C., May 5, 1909.

To the Members of the Sixty-first Congress:

HONORABLE SIRS: The Dingley law does not, and the Payne bill as it stands will not, take care of the American plate-glass industry, but will affect it very detrimentally. The proposed amendments given on the first page of this booklet, although not affording as much protection as we originally requested and should have been granted, will allow us to operate without loss, and should, besides, permit increased revenues to the Government.

We solicit your cooperation and support of the proposed amendments, and hope the foregoing statements, based on facts, as they are, will merit the same.

Very respectfully, yours,

Allegheny Plate Glass Company, by W. J. Strassburger, secretary and treasurer; American Plate Glass Company, by A. H. Gaffney, president; Columbia Plate Glass Company, by C. W. Dahlinger, chairman executive committee; Federal Plate Glass Company, by E. F. Achard, general manager; Edward Ford Plate Glass Company, by Edward Ford, president; Heidenkamp Mirror Company, by Joseph Heidenkamp, president; Kittanning Plate Glass Company, by George W. Reese, president; Penn-American Plate Glass Company, by W. L. Kann, vice-president and general manager; Saginaw Plate Glass Company, by W. J. Wickes, president; Standard Plate Glass Company, by J. H. Troutman, secretary and treasurer; St. Louis Plate Glass Company, by W. J. Vance, secretary and assistant treasurer.

Mr. ELKINS. Mr. President, inasmuch as my State is interested largely in the manufacture of glass, I want to submit some testimony that I have here in behalf of sustaining the duty reported by the Senate committee in the bill. Referring again to the statement read by the Senator from Iowa [Mr. CUMMINS] yesterday from Mr. Jones, president of the Jones Window Glass Company, I have received from the president of probably the largest window-glass manufactory in Morgantown a telegram, which I will read. It will be understood that the president of this glass company heard of Mr. Jones's statement, which, by the way, as I said yesterday, was all hearsay. He did not know one thing of his own knowledge. Everything that he puts in his letter is hearsay. I received the following telegram yesterday:

[Telegram.]

MORGANTOWN, W. VA., May 11, 1909.

Senator S. B. ELKINS,  
Washington, D. C.:

Marilla Window Glass Company strongly opposes reduction on present window-glass schedules. Result would greatly injure the business, and any further reduction in present low wages would close every hand-operated factory. All glass factories here are in line with this, and W. R. Jones is alone in asking for reduction, because he is a firm believer in free-trade Democracy.

JO. L. KEENER,  
President Marilla Window Glass Company.

It is strange to say that here is a free trader who is willing to injure his own business to carry out his principles and views. Very few men will make that sacrifice. But as against his statement I put the eight manufacturers of glass in the town of Morgantown, who take the opposite view.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from North Carolina?

Mr. ELKINS. Certainly.

Mr. SIMMONS. I wish to ask the Senator from West Virginia if Mr. Jones is a man of character and intelligence.

Mr. ELKINS. Oh, yes; of undoubted character.

Mr. SIMMONS. I wish to ask the Senator if he regards the rates that Mr. Jones proposed to the Committee on Ways and

Means in the letter which the Senator from Iowa read, and which I read, as a free-trade proposition.

Mr. ELKINS. Well, it is such a reduction, if you please, Mr. President, that, according to the statement of the president of the largest establishment there, it would close up these factories.

Mr. SIMMONS. It is probably about 20 per cent less than the rate proposed in the bill on these articles. Starting with 41 and running to 71, 74, 75, 84, and 89 per cent, I suppose the average of those rates is about 65 per cent. Now, if you take off 25 per cent—that is about Mr. Jones's proposition—that would reduce it to 40 per cent. That is about very near the average rate proposed in this bill. Does the Senator from West Virginia regard that as a free-trade proposition? He says Mr. Jones is a free trader.

Mr. ELKINS. It is not out-and-out free trade, but it is just enough free trade to destroy the industry in that town, according to this statement.

Mr. SIMMONS. Does the Senator from West Virginia, therefore, mean that a rate of 40 per cent is so low that it would destroy the industries of this country?

Mr. ELKINS. I only read from the statements of people who are interested in this business and know more about it than I do. I know that they have had trouble with the operatives in the several glass factories in Morgantown.

Mr. SIMMONS. I should like very much, if the Senator will pardon me and not consider me as persistent, if he would answer that question. Does he regard a rate of 40 per cent so low that it would destroy the industries of this country?

Mr. ELKINS. It might in certain cases; that depends on conditions, Mr. President. But I can only quote the testimony here, by way of answer, that is given by the people in the business. If the Senator will allow me, it is a question of wages. The men in the several glass establishments in Morgantown will not stand any more reduction of wages; and this would cause such a reduction of wages that, according to the president of this large company and the officers of the other glass factories, the men would strike. That is the fear. Now, on the face of it, the Senator's proposition appears to be fair; but I do not put my knowledge against the men in the business. I want to read to the Senator a statement which is entitled to consideration.

Mr. SIMMONS. I should like to ask the Senator one other question.

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from North Carolina?

Mr. ELKINS. Yes, sir.

Mr. SIMMONS. Does the Senator from West Virginia mean to say that the manufacturers of window glass are now using all the protection that is given them by the Dingley law?

Mr. ELKINS. "Window glass," did the Senator say?

Mr. SIMMONS. Yes; common window glass.

Mr. ELKINS. I do not understand the Senator's question.

Mr. SIMMONS. I ask the Senator if he meant that the manufacturers of this kind of common window glass, for that is what it is, are now using all the protection that is afforded them by the Dingley rates?

Mr. ELKINS. I do not know. I can not answer whether they use it all or not.

Mr. SIMMONS. I will ask the Senator if he does not know that they are not using it, and, therefore, that a reasonable reduction of these rates will not affect the wages of laborers in those factories?

Mr. ELKINS. I know that they are not making money, according to their statements, and that if we reduce the duty they will have to reduce wages, and that will imperil their business. That is the best answer I can make to the Senator from North Carolina. It is a question of wages; and I want to protect the operatives in glass factories in my State against a reduction of wages.

Mr. SIMMONS. One other question.

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from North Carolina?

Mr. ELKINS. I yield for a question.

Mr. SIMMONS. It seems to be conceded that the present rate is a prohibitory rate. Is not the Senator from West Virginia in favor of reducing the tariff rates when they are prohibitory?

Mr. ELKINS. I do not understand that they are prohibitory. I understand that the importations from Europe will drive our people out of business right in that vicinity and in Ohio. The pottery makers of Europe and the window-glass makers can drive our manufacturers of these products out of business unless they are highly protected. Even with our high duties, both glass and pottery come in from Europe and compete in our markets as far west as Ohio.

Mr. President, I should like to call the Senator's attention to the testimony of Mr. Faulkner before the Ways and Means Committee of the House. He is the president of the Window Glass Workers' Association of the United States.

Mr. BURKETT. Mr. President—

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Nebraska?

Mr. ELKINS. I do.

Mr. BURKETT. I should like to ask a question before the Senator begins reading the testimony on that particular point. This is one of the things that has been troubling me, I will say to the Senator, and I shall not occupy much of his time.

Mr. ELKINS. I yield, with pleasure.

Mr. BURKETT. The men interested in this business who have appeared before us have insisted all the way along that they are losing money in the making of glass. One of the contentions has been that there has been no money made. In the hearings in the other House, Mr. Goertner devotes several pages to that one question, and calls attention to a whole list of factories which have apparently not only made money but have made lots of it, for they have been increasing their capital and increasing their plant. In half a dozen years they have grown from small concerns to be concerns with millions of capital, which would seem to refute the statement which the Senator makes, and which these people have made who have been appearing before us from time to time, that the glass industry is not a profitable industry. I should like to ask the Senator, since he has made the statement here, to state how he is going to refute the statement that is made by Mr. Goertner in the hearings of the House, on page 1205?

Mr. OLIVER. Mr. President—

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Pennsylvania?

Mr. ELKINS. I yield for a question.

Mr. OLIVER. I want to say that I think the Senator from Nebraska [Mr. BURKETT] will find that Mr. Goertner, when he made that statement, was talking about plate glass, and not about common window glass.

Mr. BURKETT. I understand that, Mr. President. Of course I realize that all the people, so far as I have seen their statements, who have been here to present the glass question have been talking about plate glass. I also understand that almost all that is in these hearings is about plate glass. There has been very little evidence, apparently, taken on the question of window glass; but the same contention is made by the Senator now in speaking of window glass that is made by all this evidence with reference to the plate-glass business; and since the Senator has touched on that point, I want to know how he is going to refute this statement.

Mr. ELKINS. The Senator from Pennsylvania [Mr. OLIVER] is right. We are now discussing the window-glass question, but when we get to the plate-glass schedule we shall discuss that. It is easy to read from the testimony of importers and middlemen who get people to make statements of all kinds. I can put a dozen statements against the statement of Mr. Goertner, named by the Senator from Nebraska, and when we come to the plate-glass schedule I propose to do it. But I want to read, for the information of the Senate, from the testimony given before the Ways and Means Committee of the House. Mr. A. L. Faulkner, president of the National Window Glass Workers in the United States, a man of the highest character, who is known to Senators in this Chamber, made a statement in person. He refutes the statements which have been made in favor of a reduction of this duty by importers and others. I will not detain the Senate by reading much of what Mr. Faulkner says. Senators can read it for themselves. In giving his testimony on November 24, 1908, on page 1103 of the hearings in the House, he says:

In appearing before the House Ways and Means Committee I do so representing the interests of all window-glass workers in this country—

These are the people we want to pay attention to—the workers, the men who do the work, the wage-earners. They are not interested in the business and are fair and impartial—their families and their dependents. The Republican platform pledges a revision of the tariff. Mr. Taft in his pre-election speeches pledged himself to a speedy and honest revision of the tariff. We believe the pledges will be redeemed and the President-elect will keep his pledge. Believing that revision does not necessarily mean a reduction of the present schedule, but that the term may be aptly applied as meaning an increase as well where necessary, that the labor interests as well as the business interests of this country may be thoroughly and honestly protected, I herewith submit a condensed statement concerning the condition of the window-glass industry as viewed from the worker's standpoint:

There are 6,700 skilled window-glass workers in this country, all of whom are members of organized labor—

Take notice of what Mr. Faulkner says. You will need the glass workers and their friends in about a year and a half from now, in the fall election. What is said here may be quoted as

against the claims of organized labor. This man speaks for all the organized labor of the window-glass workers in the United States. He continues:

Capable of producing annually 11,000,000 50-foot boxes of the sizes and qualities required by American consumers.

By the above I mean to demonstrate the fact that if all the skilled American window-glass workers were employed at their respective trades in the making of window glass, a sufficient number of boxes to supply the entire consumption of the country could be made in six months, thus compelling the forced idleness of the workmen during the remainder of the year.

During a trip through Europe last summer—

This is not hearsay testimony, as was that of Mr. Jones as to what he heard from workmen and what a man told him who had been abroad. This is from a man who went abroad and saw with his own eyes.

I had the opportunity of studying labor conditions affecting the glass industry and was particularly impressed with the fact that the low rate of wages paid the employees, together with the low cost of glass-producing materials, was a great menace to the American window-glass industry, the only safeguard against which is the tariff.

This man is not an importer; he is not a manufacturer; this is the man who does the work and represents the workers. He gives here a comparison between the wages of American and foreign workmen for the various classes of work. I will ask that this be inserted in the RECORD, but I will now state that the difference in wages is 40, 50, 60, and 70 per cent. He is standing for this difference in wages.

The PRESIDING OFFICER. Without objection, permission to print in the RECORD the matter referred to by the Senator from West Virginia will be granted.

The matter referred to is as follows:

The comparative wages of American and foreign workmen I will submit as follows:

American workmen: Blowers, \$120.50 per month; gatherers, \$90.25 per month; cutters, \$124 per month; flatteners, \$130 per month. Foreign workmen (I use the phrase "foreign" as referring particularly to the Belgian workers, our greatest competitors): Skilled workmen: Blowers, \$60 to \$80 per place.

Mr. COCKRAN. Sixty dollars to \$80 per what?

Mr. FAULKNER. Sixty dollars to \$80 per place. I will explain that later.

Mr. COCKRAN. All right.

Mr. FAULKNER. Gatherers, \$40 to \$50 per place; cutters, \$28 to \$38 each; flatteners, \$40 to \$60 each.

In the case of a part of the more unskilled labor, the following were the wages shown by the figures that I was able to obtain:

Lehr tenders, \$48 to \$60 per month; shove boys, \$48 to \$60 per month; roller boys, \$48 per month. Foreign unskilled labor: Lehr tenders, girls, \$15 to \$18 per month; shove girls—that is, in place of the boys used in this country—\$15 to \$18 per month; roller carriers, girls, \$18 per month.

Mr. MONEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Mississippi?

Mr. ELKINS. For a question. I want to get through with this.

Mr. MONEY. Very well.

Mr. ELKINS. Mr. President, I will not go more into detail, but content myself by quoting the very language and the words of Mr. Faulkner. Again he says:

The importers, in recommending a decrease in the tariff, are looking solely to their own interests.

The importers are the middlemen. If there was some way to get at the middlemen who stand between the consumer and the manufacturer and make nearly all the profits, sometimes from 100 to 500 per cent, if we could by some legislation that might be enacted do that we might afford the consumer a remedy, but we can not do it. They get profits that are largely more than the manufacturer gets and then state that the consumer is being defrauded by the manufacturer. That is the claim of a great many people.

Generally the manufacturer sells at low enough prices, but he sells in large lots wholesale to middlemen, and they make the tremendous profits and raise the prices to the consumer, which is the cause of so much complaint, but this complaint should be directed not against the manufacturer, but the middleman.

The consumers say the middleman represents the manufacturer. This is not the fact. They should complain against the middleman who sells these products and not the manufacturer.

Mr. McLAURIN. Mr. President—

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Mississippi?

Mr. ELKINS. For a question.

Mr. McLAURIN. That is all I am going to ask; and I ask it for information.

Mr. ELKINS. Very well.

Mr. McLAURIN. Will the manufacturers sell to an individual consumer?

Mr. ELKINS. They will where they get a chance; but the middleman will not allow it. They are organized to sell at retail or small lots to the consumer, and the manufacturer is not.



Mr. McLAURIN. How can the middleman keep them from doing that?

Mr. ELKINS. The middleman is organized, on duty, busy day and night. How can you get rid of him? I have studied that. I am a manufacturer; I am a producer; and I can not get around the middleman. I can not sell direct, because the middlemen are so organized that they will not allow me to do so. Then, again, the manufacturer prefers to sell in large lots or quantities and not engage in retail business. The two are separate and distinct.

Mr. McLAURIN. That is what I wanted to know, why the middleman will not allow you to sell to an individual consumer.

Mr. ELKINS. They will allow me if I can, but I can not. Of course, they will allow me; I am free to do business in any way I choose.

Mr. McLAURIN. I know; but what does the Senator mean by saying he can not?

Mr. ELKINS. I mean that I can not go around and sell in small lots. I can not sell 50,000 tons of coal in bags or in small lots; but I must sell to somebody, some dealer who will take 50,000 tons of coal or coal in carload lots. I can not sell in small quantities, because I have no retail organization. If I should undertake to do so, then the jobbers and middlemen would not buy from me. The middlemen are needed and useful, but for the most part without any outlay of capital and without risk they make more money than the manufacturer.

Mr. McLAURIN. Suppose the individual consumer should go to the Senator at his place of business and offer to purchase from him a lot of coal for consumption in his dwelling, or in his office, or in his place of business, would the Senator sell to that man?

Mr. HALE. He never does.

Mr. McLAURIN. I am saying suppose he does, what then?

Mr. ELKINS. What does the Senator mean? The producer does not have offices in every town in the country, but the middlemen have. Both the consumers and the middlemen are everywhere, and the manufacturer generally only in one place.

Mr. McLAURIN. But that does not answer the question. Would the Senator sell to that individual consumer?

Mr. ELKINS. If I were organized to do it, and could get the price the middlemen get, of course I would do it.

Mr. McLAURIN. What organization would the Senator need to have before he could sell to the individual consumer?

Mr. ELKINS. I would have to organize to do a retail business. I can not have places of business all over this city and all other cities. The Senator understands that as well as I do.

Being a coal operator, my place of business is at the mines, and I send coal to the market in car lots, but generally sell under contract to large consumers and middlemen, who sell retail.

Mr. HALE. Mr. President—

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Maine?

Mr. ELKINS. I do.

Mr. HALE. Is it not a well-established rule of business that the manufacturer of any of these great products never can or never does deal with the actual consumer?

Mr. ELKINS. He rarely ever does.

Mr. HALE. He never does, and he never will. When we have protected him from the competition abroad, he makes such a display of efficiency as was yesterday shown by the Senator's colleague [Mr. SCOTT], who demonstrated the remarkably cheap price at which the glass manufacturers sell their product; but when you come to the fireside, the home of the consumer, the article has passed through two or three intermediate stages, and no legislation and no agitation and no cry that we do not regard the consumer will ever change that condition. The consumer will never be put into communication with the manufacturer; but he pays the price that the middleman exacts from him.

Mr. McLAURIN. Then, as I understand, if the Senator will permit me—

Mr. ELKINS. The Senator from Maine is quite right.

Mr. McLAURIN. The Senator from Maine is quite right, the Senator from West Virginia says. Then, as I understand, neither the consumer nor the retailer can purchase from the manufacturer. They refuse his patronage.

Mr. ELKINS. No; they do not. The retailer does not.

Mr. HALE. The Senator got that all wrong. They do not refuse; but the consumer in Mississippi, in Nebraska, in Iowa, or in Colorado, who is only interested in what he pays for the consumption of his own family, never approaches and can not approach the manufacturer.

Mr. McLAURIN. That is what I wanted to know, whether or not he could go to the manufacturer and buy anything.

Mr. HALE. The far-away consumer of a small quantity of

an article for his own household necessarily deals with the retailer.

Mr. McLAURIN. Suppose he lives in the same town with the manufacturer?

Mr. ELKINS. What is the question?

Mr. McLAURIN. I say, suppose the consumer lives in the same town with the manufacturer. Can he then buy of the manufacturer?

Mr. ELKINS. I think he can; and undoubtedly the manufacturer would sell to him if he would ask for a carload lot of coal.

Mr. McLAURIN. If he asks for a carload lot; but suppose he wants a small lot?

Mr. ELKINS. I can not start out in the morning before breakfast, as the Senator knows, to sell him 3 or 4 or 5 tons of coal, when my mines are far away and I am not retailing coal, but sell only under contract or to retailers only in carload lots.

Mr. McLAURIN. Suppose a man wanted to buy 8 or 10 tons of coal from the producer; would he sell it to him?

Mr. ELKINS. How many?

Mr. McLAURIN. Eight or 10 tons.

Mr. ELKINS. From the producer?

Mr. McLAURIN. From the producer in his home town. What does he want with a carload of coal to carry to his place of business if he lives in the same town with the producer?

Mr. ELKINS. If he had a retail office or place of business there, he would sell it to him as a retailer, but the producer of coal generally has not a retail place of business; he is not organized to sell at retail, and if asked to sell in small lots, a few tons here and a few tons there, he would have to refuse, because he is not prepared to make the deliveries.

Mr. OLIVER. Mr. President—

Mr. ELKINS. I yield to the Senator from Pennsylvania for a question.

Mr. OLIVER. I simply want to invite the attention of the Senator from Mississippi to something that occurred within a few months in my own personal experience. I had occasion to award a contract for a building in the city of Pittsburgh. I awarded the contract for the glass in that building direct to the manufacturer, and he billed the goods direct to me. So that if a consumer wants to buy glass from a manufacturer and goes to the manufacturer, he can buy it.

Mr. McLAURIN. Will the Senator let me ask him if the factory from which it was sold was in the Senator's own town?

Mr. OLIVER. The factory was not in my own town, but the office of the manufacturer was in my own town.

Mr. McLAURIN. That was a special case, I take it.

Mr. OLIVER. Not at all.

Mr. McLAURIN. Does the manufacturer—

Mr. OLIVER. If I had been in Chicago or in New York or in any other place, that same manufacturer would have taken that same order, and he would have been glad to get it.

Mr. McLAURIN. He would do that for the Senator, but would he do it for anybody?

Mr. OLIVER. He would do it for the Senator from Mississippi or for any other Senator or for anyone who had the money to pay for it.

Mr. TILLMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from South Carolina?

Mr. ELKINS. I yield to the Senator from South Carolina.

Mr. TILLMAN. It was stated a little while ago that the manufacturer—I suppose in coal it would be better to call him a producer, although the Senator from West Virginia does not produce coal; he simply owns the coal mine, and has the coal dug out of the ground—it has been stated, however, that the manufacturer or producer never dealt directly with the consumer. Was it not brought out by the evidence in the investigation of the Interstate Commerce Commission in regard to the coal mines of the anthracite field, that there was such a monopoly there that they not only had shut out the middleman, but that they had established coal offices of their own in New York, in Philadelphia, and in those other cities which consume anthracite coal; that they were dealing directly with the consumer, and had put up the prices to such a rate that there was a coal famine, and all that sort of thing? Was there not some such evidence as that before the Interstate Commerce Commission?

Mr. ELKINS. I think there was something of that kind, but that is one case out of a thousand. The anthracite companies were so strong that they did the middlemen's business and got the profit. They organized to sell direct to the consumer by establishing offices and places of business, where they could store coal and then retail it to the consumers.

Mr. TILLMAN. Yes; they took the whole thing, just as kerosene oil is now largely sold by the Standard Oil Company to everybody, and the middleman is shut out or compelled to sell at whatever prices the Standard Oil Company fixes.

Mr. HALE. Let me ask the Senator a question. What he has said is true about such industries; but coal and oil are exceptional, and I think the retail dealers in the country, in the villages, have reason to complain because the great companies have refused their cooperation and have brought themselves to the door of the consumer. But it is the exception that proves the rule. In all other great industries, in almost everything that the tariff deals with, none of these conditions apply. The rate that the consumer pays at his door has practically no relation to the rate that is fixed by the tariff to protect the manufacturer.

I agree with the Senator that in the case of oil, and possibly one or two other products, this rule is violated; but, generally speaking, in all the vast industries that the tariff deals with this condition does not apply; and I appeal to the Senator whether he does not bear me out in the statement that it does not apply to other industries.

Mr. TILLMAN. My understanding of the mercantile conditions and commercial relations is exactly of the kind that the Senator mentions. The manufacturer has grown so rich and impudent that he would not think of dealing with the consumer direct. The harvester trust, for instance—

Mr. HALE. It is not a question of whether he would or would not—he can not.

Mr. TILLMAN. The International Harvester Company—

Mr. HALE. According to the way trade is arranged in this country, with the exception of these few oppressive cases, the manufacturer never deals with the consumer at his fireside; never.

Mr. TILLMAN. I agree with that, as a general rule.

Mr. HALE. Yes.

Mr. ELKINS. Now, Mr. President, I should like to conclude. Replying just a little further to the question of the Senator from Mississippi and other questions proposed by Senators, take the case of buying glassware by the dozen or by the hundred dozen. The manufacturer will sell cheaper to the wholesaler in job lots than he would to people who might call on him for one or two articles and he had to establish places to sell all over the country. The glass manufacturer, or any other manufacturer, is glad to dispose of large quantities, large lots, to dealers. Take the case cited by my colleague [Mr. SCOTT] yesterday. The manufacturer sells glass pitchers for a dollar a dozen, and then the middleman sells them for 50 cents apiece, making 400 or 500 per cent, and the consumer complains against the manufacturer about the high price. How are you going to avoid that? The man who makes the glass is glad enough to sell for a dollar a dozen; he makes a modest profit. The middleman makes the money, but how are you going to reach him and prevent his enormous profit? The Senator from South Carolina has cited the Standard Oil and the Harvester Company—

Mr. CLAPP. Mr. President—

Mr. ELKINS. I want to get through with this statement and then I will yield. The Senator says these corporations have become middlemen themselves.

Mr. TILLMAN. They have formed a combination and they have destroyed competition. Therefore they fix the prices to suit themselves and the consumer is not permitted to go into the markets of the world to get relief.

Mr. ELKINS. Let the Senator from South Carolina draw a bill to correct the evils and abuse of these combinations in monopolizing products and their sale.

Mr. TILLMAN. Will you vote for it?

Mr. ELKINS. I will if you will frame a proper one. I should like to see the Senator's bill before committing myself. Now, I yield to the Senator from Minnesota, and then I want to close.

Mr. CLAPP. Mr. President, what I was going to say was that great confusion comes into the discussion of the relation of the manufacturer, the wholesaler, and the retailer by confusing the word "profits" with the percentage of addition to price.

Mr. SMOOT. It is profit.

Mr. CLAPP. It may be profit, but the manufacturer before he talks about profits or dividends or percentage takes his entire year's work, figures the cost of repairs, the money necessary to keep up his plant, and everything of that kind, and then he calls the difference between the receipts and expenditures a percentage. The clothing merchant, for instance, expects, as I have been told for a great many years, to mark a suit of clothes 23½ per cent above the purchase price; but that is not all profit to him. Out of it must come the expenses of his busi-

ness; and while the percentage seems very high, figured as a percentage in the difference between the buying and the selling price, it is not the percentage of profit. That is where we get into confusion on this whole subject.

Mr. SMOOT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Minnesota yield to the Senator from Utah?

Mr. CLAPP. Just a moment—

Mr. SMOOT. Right here in relation to the profit, I wish to say that I was rather interested in the matter of glass that was spoken of here last night. So I wired to New York and had an appraiser go to several of the stores in New York to find out what a 12 by 14 pane of glass, such as we were discussing yesterday, could be purchased for at retail in New York. The cost of that glass a pane, with the duty added and a large allowance for breakage, is 4 cents. The appraiser went to a picture-framing establishment and asked at what price he could buy a pane of 12 by 14 glass and he was told 15 cents. He went to one of the largest department stores in New York and asked what the same identical pane of glass could be bought for there. Mind you, it cost 4 cents. The price asked for it in the department store was 25 cents per pane of glass. That is not 33½ per cent, but 600 per cent.

Mr. CLAPP. It is 600 per cent, but that does not measure all the expense incident to that man's business. I am getting at the difference between the percentage of profit at the end of the year on the entire capital and the percentage of the advance in an article.

Mr. HALE. But it does measure what the consumer has to pay.

Mr. CLAPP. Undoubtedly; but it ought not to be charged—

Mr. SMOOT. I am perfectly willing to allow a profit of 50 per cent on a pane of glass, if you wish—and no business on earth requires to sell goods as high as 50 per cent—but in the instance I have given, 50 per cent would be 2 cents, which, added to 4 cents, would make 6 cents as the selling price; but it is sold for 25 cents, which is 400 per cent more than that.

Mr. CLAPP. There is an old, homely expression, "The proof of the pudding is the eating of the string." I am not complaining of the manufacturer. I think it is a splendid tribute to the development of our industries that we can put these goods out as cheaply as we do, but at the end of the year the manufacturer takes the profit upon a vast business.

Mr. SMOOT. His profit is a very small profit, indeed.

Mr. CLAPP. It is small profit, measured perhaps by the percentage of difference between the cost at which he produces an article and the price at which he sells it; but then he is making money, while you hardly ever hear of a retailer getting rich. The only retailers that get rich are the men who do a great business.

Mr. SMOOT. I believe I can tell the Senator of a retailer in this country who has made more money than all the woolen manufacturers of the country combined.

Mr. CLAPP. Because he has done a vast business.

Mr. ELKINS. I should like to proceed, if the Senators are through.

The VICE-PRESIDENT. The Senator from West Virginia is entitled to the floor whenever he demands it.

Mr. ELKINS. Mr. President, we are all consumers, and many of us producers as well. I do not want to be ruled out of the class of consumers because I am a producer. If it were not for the manufacturers and the producers and their businesses, there are a lot of consumers who would not have employment or the means to purchase what they consume. We must make that distinction. If the manufacturer or producer is not prosperous or gives up business, what becomes of the vast army of consumers who are employed by producers or indirectly get a livelihood out of the producer's business? The consumers, if they are aggrieved, should fight rather the middleman than the manufacturer. The manufacturers and producers contribute to the business of the country, to its glory and its progress, and there is no just complaint that the manufacturer does not generally sell cheaply enough in the first instance. I admit prices may at times be too high. It is the middlemen generally who get the exorbitant profits, and if there is any legislation to prevent extortion complained of by consumers, let some one aggrieved make the move; but let us not complain on account of an abuse against persons not guilty, but rather the middleman.

Mr. TILLMAN rose.

Mr. ELKINS. Will the Senator allow me to read this and to ask a question?

Mr. TILLMAN. Surely; if the Senator is anxious to read it, I do not want to interrupt him.

Mr. ELKINS. I was reading, not from a manufacturer, not from an importer, not from a middleman, but from the official



head of the window-glass workers of this country—their president—and this testimony is impartial and unselfish. He says, "I appear for the wage-earner and those dependent upon him." Now listen to what he says bearing directly upon this question: The importers, in recommending a decrease in the tariff, are looking solely to their own interests—

They would like to have everything come in free, of course. They want to buy cheap and sell dear. They do nothing but import. They make nothing but money, and they make a great deal of it, but the consumer should not make war on the producer because the middlemen charge high prices.

No matter what the prices for tea, coffee, spices, and many articles are to the middlemen—the grocers—they make a big profit. They often buy coffee at 7 or 8 cents per pound—sometimes higher—but the consumer never pays less than 25 cents per pound, and often 30 to 40 cents per pound; here is 300 or 400 per cent; who makes it? Not the producer. The grocer and middlemen make the profit, whether they buy at low or high prices.

A mere matter of bargain and sale—and are not considering or caring anything about the interests of others.

That is true, too.

The decrease in rates recommended by Mr. Goertner—

That is the friend of the Senator from Nebraska [Mr. BURKETT], who pleases him so much and so comforts him in his notions about the outrage and extortion of producers. Read his evidence. Here is the workingman. Take notice. Listen to him a good deal more than you do to the middleman, because you may need him more.

The decrease in rates recommended by Mr. Goertner, representing the importers, if granted, will be such a calamity that it would put a great many factories permanently out of business, and would ultimately be the ruin of the industry.

This is the word of an honest and impartial mind; this is impartial testimony, and can be relied upon. I commend it to the careful consideration of Senators.

He adds, making a splendid appeal for an American industry and the American wage-earner:

I am making this plea in the interests of American industry and American labor, and I would earnestly recommend that Schedule B, glass and glassware, No. 101, be changed as follows—

What he says I will ask to have inserted in my remarks.

The VICE-PRESIDENT. Without objection, that will be done.

The matter referred to is as follows:

	Cents per pound.
Unpolished cylinder, crown, and common window glass not exceeding 10 by 15 inches square.....	1 1/2
Above that and not exceeding 16 by 24 inches square.....	2 1/2
Above that and not exceeding 24 by 30 inches square.....	2 3/4
Above that and not exceeding 32 by 36 inches square.....	2 7/8
Above that and not exceeding 36 by 40 inches square.....	3 1/8
Above that and not exceeding 40 by 60 inches square.....	3 3/8
All above 40 by 60 inches square.....	4 1/8

Provided that unpolished cylinder, crown, and common window glass imported in boxes shall contain 50 square feet, as nearly all sizes permit, and the duty shall be computed thereon according to the actual weight of the glass.

Mr. ELKINS. Again he says:

The above recommendation is made after a searching investigation and upon the advice of both manufacturers and workers, for the purpose of creating a market in this country of an additional half million boxes of window glass annually of poor sizes and qualities that is now being made abroad and dumped upon the American market, which could and should be made by American workmen.

That is, signed by A. L. Faulkner, president of the National Window Glass Workers of the United States, known, as I said, to a great many Senators here, and I think it fully answers a great many questions which have been raised and in a satisfactory way; and I think it is such testimony coming from such a source that we should take notice of in voting upon this schedule.

Mr. BURKETT. Mr. Faulkner explained that the factories are running now only half the time. I should like to ask the Senator if anywhere through all this testimony he has been able to find any answer to this proposition, how raising the tariff will raise the price of glass, when they are now selling glass produced here at less than the tariff? If some one were given the glass in Europe, he could not afford to bring it here and pay the tariff that is imposed beyond what he could buy it for in America. How do they need any more protection, when they could not bring it in if it was given to them in Europe?

Mr. ELKINS. I do not know whether these statements of the Senator are all accurate, but I do know at times men carry on business at a loss in order to keep the business going. They have to do it. It is no answer to the question that they are now selling below what the duty is. Often business men all over the country do it; and why? To keep the factories going until better times come; to keep their laborers employed. That

is the reason. I know, as a matter of fact, from people who are informed on this subject that they often run their business at a loss. Mr. Faulkner says so. He is not a manufacturer, but a worker. He says we can do the business in six months, whereas if times were good and the interest were properly protected we might get business for the next six months at better rates.

Mr. BURKETT. Mr. President, I do not know very much about the schedule on window glass; but here for two days now we have been discussing it, and it seems to me that at some time or other we ought to have an explanation of it from some member of the committee who is defending these schedules.

I do not know whether this rate is too high or not. I have read the evidence of these men, representing the laboring men, and without a single exception they fear that a reduction of the tariff will reduce their wages, and the witness to whom the Senator from West Virginia has called attention used the very pathetic illustration of the result of the reduction of the tariff in the Wilson Act. He stated that almost immediately upon the going into effect of the Wilson Act, reducing the schedules, these factories were closed up, the men working in them were turned out of employment and joined the great army of American laboring men who were chasing over the country in search of work.

I do not want to produce that sort of situation again, but I do know that there is a very evident opinion among the people of this country who are using glass that there is some way, somehow, by which the people who produce glass can manipulate the price of glass so as to make it almost disastrous to other manufacturing industries that are using glass or to which the glass is a raw material, so to speak.

I have had letters—and I expect other Senators have had—from people using just this sort of glass, and they are not complaining so much because it is high, perhaps, but they are complaining more because the price is manipulated. First it is comparatively low, and then extremely high, as compared with its former price. So it goes on month by month and year by year.

I have read every syllable of evidence contained in these hearings with reference to the glass schedule, and it is not anywhere explained why it is that the tariff on this kind of glass should be more than they are selling glass for. I should like to have some member of the committee who is defending the glass schedule explain to me why it is, because, as I stated a moment ago, I do not want to be responsible by my vote for precipitating a similar condition that confronted us after the Wilson Act went into effect; and yet we know conditions have changed. It is not necessarily true that the schedule under the Dingley Act is required to-day, because as we find in this evidence and as was stated by the chairman of the Finance Committee, since that act went into operation, a dozen years ago, they have improved machinery for the making of window glass, so that it is made at half what it used to cost, and perhaps even less than that.

I think those of us who are not on the committee and have not had the advantage of the information furnished to the committee ought to have the information why it is necessary under these changed conditions, with the changed prices that obtain to-day, to keep up the same schedule that was put into effect a dozen years ago under entirely different circumstances, when the price of glass was double what it is to-day. It seems to me we are entitled to some sort of an explanation from some member of the committee with reference to it.

Mr. HALE. Mr. President, there is no mystery about the application of the doctrine and theory of protection as applied in the glass schedule. It is better illustrated in the glass schedule perhaps than in any other. The policy of protection, as applied to the manufacturer in this country, and as illustrated in this schedule, is to save him on the one side from foreign competition. The price to the consumer is another question, with which I will deal later. But the American manufacturer of this great product, so largely used by the people, is up against the raid that is made by the foreign competitor producing the same article.

There never has been a time—and it is fortunate in considering all the sides of this question that there never has been a time—when there has been such a raid of the foreign manufacturer and producer in his natural and insatiable desire to get at the great American market as there is to-day. It is not simply Oriental, it is not simply Japan, although that is a very great feature. But there has never been a time when, on the part of the German Empire, which is not only military and dominant in politics, but in business and in trade and industry, there was such a determination and predetermination to secure the immense American market as to-day.

The man is blind, Mr. President, who does not see that. Almost every manufacturer in this country is met by this deter-

mined invasion of our industries by the competing industries of Germany to obtain our market. That is one side of the question.

Mr. OVERMAN. Will the Senator let me ask him a question?

Mr. HALE. I wish the Senator would let me alone until I develop my thought, if I have any thought on this matter.

That is the one side. That is not the side of the consumer. That is another side, entirely distinct from that; and the policy of the Republican party, the policy of protection, is to impose such duties as will be a complete and fair discrimination in favor of our labor in manufactures as against German and oriental labor; and the duties that we impose are meant for the protection of the manufacturer in the great products that go to the people.

We have not yet come to deal with the consumer. That is another side. We are dealing now with the building up of manufacturing industries as against foreign competition. Every imposition in the way of duty is to protect our manufacturers. There never has been such a demonstration of the wisdom and beneficence of the protective theory against foreign competition as is disclosed in the glass schedule.

I said yesterday that the wit of man can not devise a wiser system of protection—not yet considering the consumer—against foreign competition than was disclosed yesterday by the junior Senator from West Virginia [Mr. SCOTT] when he brought forth the wares—glass—the different manufactures that under Republican protection were manufactured in the establishments protected by the Republican policy of protection. It was a revelation to me—the cheapness—and yet I knew as a protectionist that that is what protection does—that it builds up these great hives of human industry throughout our whole country and produces materials for the people at a cheaper rate than could in any other way be produced.

The presentation by the Senator from West Virginia of the glass products showed the result that under our system of protection against the foreign manufacturer our manufacturers could produce for the people at a rate at which the article never could be sent to our markets if we gave way to the foreigner.

Then we meet the other side, and the Senator showed the result of protection, how one article of general use among the people was furnished at 90 cents per dozen. Under our system of protection against the foreign manufacturer that single article could be presented and distributed and sold to the American people at 90 cents a dozen, and then we come to the other side, and there is the Democratic fallacy, there is the patent fallacy and absurdity, that whatever rate is put on to protect our manufacturers from this foreign invasion is paid by the consumer.

I am very glad, Mr. President, that I had some hand in bringing out this. I will not say fresh, I will not say new, but this important and essential contribution to the whole controversy, and that is that the rate which enables the producer, protected by the tariff through the Republican party, to open his establishment and present his wares to the American people has no relation to the price that the consumer pays at his own door. The Democratic proposition is that whatever is added by the tariff is paid by the consumer, and if anything has been shown by the discussion to-day and if anything is shown by the thorough investigation into the whole business of the country, it is that the rate at which the protective tariff enables the American manufacturer to present his wares to the American people has the least possible relation to what is paid by the consumer at his own door. Ninety cents per dozen is the price of a single article of every-day production, a pitcher, and yet it is paid for by the consumer at his door at the rate of 50 to 60 cents for each article. And our Democratic friends say that that should be charged to protection.

I assert—and I assert that this discussion will disclose and in the end will bring to the mind of the American people the fact—that the rates which we establish for the protection of these great industries, upon articles that are presented to the public, has no relation whatever to the prices that are charged by the manufacturer. It is the middleman, it is the jobber, it is the retailer, who puts on the price, and the citizen in Florida, the housekeeper in Missouri, the family in North Carolina, and the consumer in Wisconsin and Iowa are paying no tribute to the Republican policy of protection, that builds up these manufactures, but are at the mercy of and are controlled by the prices that are charged to them by the middleman.

Now, I do not arraign—

Mr. SIMMONS. Mr. President—

The VICE-PRESIDENT. Does the Senator from Maine yield to the Senator from North Carolina?

Mr. HALE. I wish the Senator would let me carry out my views. However, I yield to the Senator.

The prices charged are the prices—I had a controversy yesterday with the Senator from Nevada—charged by the middleman, the jobber, the retailer. I do not know that we can interfere with that. We have not yet a system of government, paternal as it is growing to be and reaching out and assuming functions that were never imagined by the fathers, that seeks to fix the prices which shall be paid by the man who ultimately consumes.

Experiments of that kind have been tried in other countries, and have always been failures. There is no possible way we can do that. But I am trying to help awaken the American people to the consciousness that the large prices they pay at their door are in no degree affected by the protective tariff that we lay in order to build up the manufactures of this country.

Some time, Mr. President, the people will realize this. It is a direct counter proposition and a direct contradiction of the Democratic fallacy that the rate imposed by protection for the benefit of American manufacturers is all charged to and paid by the consumer. A demonstration of how this works shows precisely the contrary.

Mr. NEWLANDS obtained the floor.

Mr. GORE. Mr. President—

The VICE-PRESIDENT. The Chair recognized the Senator from Nevada. Does the Senator from Nevada yield to the Senator from Oklahoma?

Mr. NEWLANDS. I yield to the Senator.

The VICE-PRESIDENT. The Senator from Nevada yields to the Senator from Oklahoma.

Mr. GORE. Mr. President, I desire to say that I do not stand in this place as the chosen champion of the retailers of this country, but I witness with some concern the repeated indictments which are returned in this presence against the millions of retailers in the United States who are struggling for a bare subsistence. The Senate, it seems, has converted itself into a grand jury and has returned a presentment against the retailers and the middlemen of the country. The manufacturers, the trusts, and the monopolies are undertaking to hold up the middlemen and the retailers as a shield to protect themselves against the wrath of outraged consumers. I stand here, I say, not as the chosen defender of the retailers of this country, but in their behalf I desire here and now to enter a plea of "not guilty."

It seems that the senior Senator from Maine [Mr. HALE] has constituted himself the foreman of this grand jury which has returned this wholesale indictment against millions of honest and deserving American citizens. Now, let us examine whether that indictment be true or be false. Take the consumer; take the ordinary citizen. How stands the count with him? Begin, sir, with the hat upon his head. Take the Stetson or Knox hat, and, for aught I know, other varieties, and the retailer has to sell those hats to the consumer at a fixed price. He has no choice and has no discretion. Take the shoes upon his feet, and every standard pair of shoes in the United States is sold to the retailer upon the express condition that he will sell it to the consumer at a fixed price, and he has no liberty; he has no option.

Is the retailer responsible in that case? Nay, sir.

Mr. SMOOT. Mr. President—

Mr. GORE. I yield to the Senator.

Mr. SMOOT. Do I understand the Senator to say that when clothing is sold by Hart, Schaffner & Marx, of Chicago, to a retail merchant, the retail merchant is compelled to sell it at a certain price?

Mr. GORE. I am so informed.

Mr. SMOOT. I want to tell the Senator he has been absolutely misinformed.

Mr. GORE. But, sir, what do you say of hats and shoes?

Mr. SMOOT. I do not know anything about shoes. I doubt very much whether it applies to shoes. I know it does not apply to clothing.

Mr. GORE. I ask the Senator with reference to Manhattan shirts, Earl & Wilson's shirts. Does the Senator say in that case the retail merchant is the robber who outrages the consumers of this country?

Sir, this is a miserable sham invented by the manufacturers. Driven to desperation, in order to defend themselves against their outrages and in order to shield themselves, they indict and they malign the retail dealers of the United States.

Mr. SMOOT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from Utah?

Mr. GORE. I do.

Mr. SMOOT. Will the Senator apply what he says to the glass schedule here pending? Take a pane of glass, 12 by 14. Is that sold to any retailer with an understanding that he shall retail it at a certain price?



Mr. GORE. Mr. President, I have not so asserted, and I do not so understand. I spoke about clothing. I will say that it not only applies to clothing, but to many other articles, even to articles of food which are sold to the retailer on the express condition that he shall sell them to the consumer at a fixed price, and he dare not vary from the price which is prescribed to him. So some brands of soap and other groceries are sold to retailers upon those conditions. Yet the responsibility for the high prices is charged to the retailer, who is bound hand and foot. I do not defend the retailers in every instance. Doubtless they do charge high prices occasionally. But, sir, the responsibility can not be shifted from the manufacturer to the retailer in this instance.

This has applied at times to lumber. It does not do so at this time, certainly not in all sections of the country. It has applied to farming implements, and the effort was made to extend it to various kinds of hardware, but with the weight of hardware the scheme broke down. I have here an extract from a letter from one of these manufacturers' associations, prescribing the terms upon which stock should be sold to the consumer and requiring the retail man to sign an agreement not to purchase from any other importer or from any other concern. What liberty has the retail man to rob the consumer?

Mr. President, when we hear of the profits of the manufacturers, the net profits, after all expenses have been paid, are exactly expressed in the terms of dividends. I do not understand the accounts of the retail merchant. You say he averages a profit of from 33 to 35 per cent. Admit that he does. What, sir, does that cover? That is gross profit and not net profit. What does it include? It includes the rent. The building is often worth from one-fourth to three-fourths the entire valuation of his stock. Not only that, but it includes the cost of transportation of the goods. Not only that, but it includes insurance upon the building and stock. It includes taxes upon both. It includes advertising, losses from breakage, remnants, and bad accounts. Not only does it include that, but it includes the wages paid to all his clerks, about which Senators on the other side are so extremely solicitous. Not only that, but it includes compensation to the merchant for his time, and after that it includes compensation upon the capital invested. I know not how it may be in other States, but I say that in Oklahoma—

Mr. HALE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Maine?

Mr. GORE. Certainly.

Mr. HALE. Mr. President, I see the force of the statements that are made by the Senator of the burdens that rest upon the retailer. That is a part of my proposition. I am not arraigning the retailer as being a robber. I am only saying that such is our habit and system of trade that the very reason which the Senator is giving so forcibly, the expenses and burdens of the retailer, shows that when the consumer at his home buys of the retailer he has to pay a price entirely disproportionate to the manufacturer's price. It is because of the very condition the Senator is so well describing. I am not arraigning the retailer as a robber, but what the Senator says proves to a demonstration my argument, that when the article gets from the manufacturer, whom we protect against foreign competition, the consumer has to pay an amazingly disproportionate price compared with what the manufacturer charges.

The Senator will never find in his own State, and no other Senator will find, a different condition. The retailer has to charge, and must charge, and does charge, what brings up the price to the consumer.

Mr. GORE. Mr. President, I was about to say that the retailers in Oklahoma are not guilty of extortion, and I do not believe that the retailers are in the State of Maine, or in the State of Utah, or in the State of California, whose Senators joined in this impeachment here on yesterday. I doubt whether in the State of Oklahoma, and I doubt whether in the State of Maine, any retail merchant has declared net profits aggregating 66 per cent on the entire investment; and I assert—

Mr. HALE. Mr. President—

The VICE-PRESIDENT. Will the Senator from Oklahoma yield further to the Senator from Maine?

Mr. GORE. Certainly.

Mr. HALE. The retailer in Maine is precisely like the retailer in Oklahoma. He is not in a conspiracy to defraud and rob the American people, but the conditions of trade and his burdens are such that he has to add to the price. He can not help it. The consumer pays it.

Mr. GORE. Mr. President, to begin with the price at the manufactory, I assert, here and now, that cotton and woolen manufacturers in the State of Massachusetts have declared dividends of 66 per cent on their entire investment. I deny that any retailer in Oklahoma, in Maine, or anywhere else can duplicate those dividends. How will the Senator from Maine, how

will the Senator from Utah, and how will the Senator from California explain and justify these enormous, these exorbitant, and these extortionate dividends?

Mr. SMOOT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. GORE. Certainly.

Mr. SMOOT. Will the Senator give the names of a number of woolen manufacturers who have declared a dividend of 66 per cent?

Mr. GORE. The Troy Cotton and Woolen Manufactory in 1907 declared a dividend of 67 per cent. The Acushnet Cotton Manufacturing Company, of New Bedford, Mass., the same year declared a dividend of 66 per cent, and the Dartmouth Cotton Manufactory, of New Bedford, Mass., the same year declared a dividend of 66 per cent, and has declared an average dividend for the last nine years aggregating 22 per cent. There is where the extortion practiced by the retailers has its beginning.

Mr. SMOOT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from Utah?

Mr. GORE. Certainly.

Mr. SMOOT. I should like to ask the Senator if that dividend was payable in cash or was it a stock dividend?

Mr. GORE. It was in cash; and in order to shield such enormous dividends in the future they have resolved to double their capital stock. [Laughter.] If there be any other inquiry, I will yield. Otherwise I shall proceed.

The VICE-PRESIDENT. The Senator from Oklahoma will proceed.

Mr. GORE. Mr. President, the Senator from Maine has asserted that the amount of the duty is not added to the price. As a universal proposition no one would assert that to be true. The law of supply and demand sometimes defies the laws of Congress. But I say to the senior Senator from Maine, when the manufacturer does not add the duty to the price of the article it is not the fault of the lawmakers of this country that he does not do it, but it is owing to the law of supply and demand. The laws of commerce and trade intervene to shield the consumer against the avarice of the manufacturer and the co-operation of Congress. Now, I will cite an instance. From 1879 to 1881 the duty on steel rails was \$28 a ton. The price in England ranged from \$23 to \$35 during those three years, and in the United States the price ranged from \$61 to \$65, the foreign price, plus the duty, plus the freight.

Senators have talked about glass and razors and oxalic acid. I know that there is a vast interest in oxalic acid in the State of Oklahoma. There is a perfect uproar that Congress should take some hurried action with reference to oxalic acid. It would appear as though Mr. Taft's election was based on the belief of the people that Congress would take a wise course in reference to oxalic acid. The same is doubtless true with reference to razors, concerning which the Senator from Utah [Mr. SMOOT] spoke with such eloquent fervor yesterday.

Mr. President, borax sells in this country for 7½ cents at times, when at the same time it is selling in England for 3 cents, the duty being 5 cents. Will the senior Senator from Maine say whether or not the foreign price plus the duty is charged? I know one reason why the retailer sells glass so high is because the freight is higher on glass than anything else transported in this country. Not only that, but the breakage is more than on any other article. According to Carroll D. Wright, the price declined on glass in ordinary uses from \$1.35 a dozen to 25 cents a dozen. In God's name, how long is this protection to continue in behalf of these infant industries? Out in my country we would like to see these bottle babies stand alone and demonstrate that they have deserved the protection so long vouchsafed to them at the expense of the American consumer and at the expense of the American people. You need not lay the flattering unction to your soul that the retailers of this country are responsible for the advance in prices which has occurred during the last dozen years.

Sir, I say I can not sit here in silence and see the millions of retailers in this country made scapegoats to bear away the sins of the greedy trusts and monopolies in this country.

Mr. ALDRICH. Mr. President, the wisdom and efficacy of the protective policy is nowhere better exemplified than in the article now under consideration. The window-glass schedule has always been one of the principal sources of attacks on the part of the opponents of the protective policy. For instance, in 1890, when this schedule was before the Senate, the Senator from North Carolina, Mr. Vance, who then represented the minority of the Committee on Finance, made the following statement:

Mr. President, if it were possible in human ingenuity, to a rectified and enlightened conscience, to select the worst feature of this whole tariff bill, I think it would be this one of glass, where such a great discrimination is made.

Against the American consumer.

Senator Vest, also a member of that committee, said:

Mr. President, there is not a single provision in this bill which has given rise to more complaint amongst the poorer classes in the country than the one now under consideration.

Then he went on to make a further statement. Both Senators claimed that a duty approximating 100 per cent ad valorem was imposed upon this article, and that the consumers of window glass in this country paid the duty.

This was in 1890, nineteen years ago. What has resulted since? At that time a large part of the glass used in the United States was imported. To-day, as the result of the protective tariff, all of the ordinary window glass used in the United States is made in the United States. American industry and American labor have taken from the foreign competitors the whole American market, practically.

What is the result on prices? The result has been a reduction in prices in this country, so that there has never been a time in history of the country when window glass was sold to the consumer as low as it is at this moment.

Now, the question arises, perhaps, in the minds of some Senators, if this is so, why do they need any duty upon window glass? The paragraph now under consideration not only includes in its terms common window glass that is used by all the people of the country, but it includes also, by necessity, all the 10 by 15 glass, which is common crown or window glass, imported into the country, and it includes not only the low-priced but the high-priced goods. It includes goods, for instance, valued at 2 cents a pound and goods valued at 4 and 5 cents a pound.

The Committee on Finance have been trying to find some description which will enable them to separate that class of goods which are distinctly different in this one paragraph. The courts have finally decided that all kinds of crown and cylinder glass are included in the provisions of this first clause. Some of these are worth 4, 5, 6, and 7 cents a pound, while common window glass, as I said yesterday, is worth less than 2 cents a pound.

I agree that there ought to be a difference in the rates on these two classes of goods. I think this must be apparent to everybody. But I insist further that the present duty of 1½ cents per pound upon common window glass has not raised the price in the United States a single mill. I think that that is beyond dispute here, and that the only effect of the duty, if it has had any effect at all, was to prevent the dumping of the window glass of Belgium upon the United States and upon the American producers at times when there was an excess of production over demand in the foreign countries.

The history of American industry is full of cases where duties have been levied and are levied above the difference in the cost of production here and abroad. Those duties have had no deleterious effect upon the American consumer. The law of supply and demand, to which the Senator from Oklahoma [Mr. Gore] has just alluded, and free competition in the enterprise and industry of the American manufacturer have kept the prices down to the lowest possible level. That is the contention of the protectionists.

Now, so far as this one item is concerned, I am going to ask that it be passed over for the present.

Mr. McCUMBER. I wish to ask the Senator one question about the matter of division. If I understand it correctly, the higher priced window glass or picture glass is made from what is called "crown glass," while the cheaper article is made from cylinder glass. Can not the division be made along the line between those two?

Mr. ALDRICH. No; it can not. If the Senator will examine closely the decisions of the court in recent cases, he will perceive that we have to find some other line of division between the two articles. It is my idea that the committee after investigation will be able to reduce the duties upon the common window glass and possibly, for a better adjustment of rates, increase them somewhat on picture glass, which is not made in this country, and probably can not be made here without a higher rate of duty.

Mr. BURKETT. I should like to ask the Senator a question before he sits down.

The VICE-PRESIDENT. Does the Senator from Rhode Island yield to the Senator from Nebraska?

Mr. ALDRICH. I ask that the paragraph be passed over for the present until the committee can have a chance to look at it.

Mr. BURKETT. I was going to ask the Senator to let it go over.

Mr. NEWLANDS. Mr. President, before action is taken upon the suggestion of the Senator from Rhode Island, I wish to say a few words regarding this question. I believe it was in response to my inquiry of the Senator from West Virginia that the facts were brought out regarding the cheapness of the pro-

duction of glass in this country. I am sure we were all amazed at the low costs he gave of the production of the various articles which he produced, and we were still more amazed to find out the high prices that were charged for those articles by the jobbers and retailers to the consumers of the country. I have in mind particularly one article, a pitcher, which I believe the Senator said could be made for 90 cents a dozen with a profit to the manufacturer, and which were sold by the retailers at \$4.80 per dozen.

Mr. SCOTT. The Senator must not ascribe that price to me. He asked me the question, and I told him I was not posted, but the Senator probably could find out what the retailer sold it for if he would go into one of the stores on Pennsylvania avenue; that I was not posted as to what the retailer charged for it. I have been told since by the Senator from Iowa [Mr. CUMMINS] that such pitchers are sold at 25 cents apiece—that is, at the rate of \$3 a dozen. I have not priced them.

Mr. CUMMINS. I described the pitcher as best I could, and I was informed that at some retail stores such a pitcher is sold at 25 cents.

Mr. HALE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Maine?

Mr. NEWLANDS. Certainly.

Mr. HALE. Can the Senator from Iowa, in showing the rate charged by the retailer, give any reason why, when the article is furnished at 90 cents a dozen by the manufacturer, right here in Washington it should be sold at \$2.50 a dozen? Is the tariff responsible for that?

Mr. CUMMINS. Mr. President, does the Senator from Maine suggest by that question that I have at any time said the tariff is responsible for it?

Mr. HALE. No; but I want the Senator to repudiate that.

Mr. CUMMINS. On the contrary, I stated yesterday that I did not believe there ought to be a reduction in the duty upon the articles named in those paragraphs, and I am not defending the retailer. I suppose that, just like everybody else, he gets everything he can out of the business.

Mr. HALE. Yes; but the consumer pays higher here in Washington, not because we put a rate of tariff that enables the manufacturer to furnish these articles for 90 cents a dozen, for which the consumer in Washington pays \$3.50 a dozen. Does the Senator think that the rate charged by the retailer should be charged to the tariff?

Mr. CUMMINS. I certainly do not, because I believe that the manufacturer of that particular article in this country is making it as cheaply as it can be made anywhere in the world, and he is selling as cheaply as it is sold anywhere in the world.

Mr. HALE. The Senator is entirely correct in that. The charge to the consumer does not rest, as the Senator from Oklahoma [Mr. GORE] indicates, upon the manufacturer nor upon the tariff.

Mr. CUMMINS. Certainly not.

Mr. NEWLANDS. Mr. President, we have, then, the statement of the Senator from West Virginia [Mr. SCOTT], as made the other day, somewhat modified. The pitcher in question is produced in this country with a profit to the manufacturer at a price of 90 cents per dozen, and is retailed to the consumer at a price of \$3 a dozen.

Mr. SCOTT. I want to correct the Senator from Nevada there, when he states that I said a moment ago it was made for 90 cents at a profit. I made no such statement as that it was made at a profit. Sometimes we manufacture goods at a loss.

Mr. NEWLANDS. Will the Senator state whether there is any loss on that particular product?

Mr. SCOTT. Mr. President, the factory with which I am connected does not make that class of glass at all. We make a fine flint glass at my factory, French edging engraved and cut. I know nothing about the ordinary article, except that I have come into contact with it for the last forty years.

Mr. NEWLANDS. The illustration that we have been dealing with so much in this debate has very little value, then, because of the inaccuracy of the statistics. The Senator now states—though I understood him to state the other day to the contrary, in which I was undoubtedly mistaken—that 90 cents a dozen does not cover the profit, but, adding a fair profit of 10 per cent to include the cost to the manufacturer, we would have a dollar a dozen as the price of this particular pitcher. It is stated by the Senator from Iowa [Mr. CUMMINS] that this pitcher is retailed at \$3. There is a difference of \$2 between the wholesale and the retail price. I assume, if there is a duty equal to a dollar a dozen upon these pitchers, that to that extent it enables the retailer to charge these increased prices. The duty may not be responsible for the total increase of \$2



per dozen, but it certainly ought to be charged with a part of it. To the extent of \$1, therefore, this protective wall operates to the advantage of the retailer in enabling him to charge at least \$2 a dozen for an article that is given to him at \$1 a dozen.

Mr. GALLINGER. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from New Hampshire?

Mr. NEWLANDS. I do.

Mr. GALLINGER. I wish the Senator would elucidate that proposition a little. How on earth the tariff can have any influence upon the retailer is beyond my comprehension. He can buy these goods of the American manufacturer at 90 cents a dozen, and he can sell them for any amount between that and a million dollars; but how the tariff affects it, I confess I can not possibly see. Will the Senator make it a little plainer to the comprehension of our dull intellects?

Mr. NEWLANDS. I may not be able to make it plain to the Senator from New Hampshire, but I can certainly demonstrate it by facts regarding lead. The Senator knows that the price of lead in the London market is 3 cents per pound and that in the New York market it is about 4½ cents a pound, and that the duty is just a little over the difference between the New York price and the London price. The Senator knows that the price of raw sugar in the London market is about 2 cents a pound and that the price of raw sugar in the New York market is about 4 cents a pound, and that the difference between the two prices is due to the fact that the tariff on sugar in this country amounts to nearly 2 cents per pound.

Mr. GALLINGER. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from New Hampshire?

Mr. NEWLANDS. The Senator knows, regarding iron and steel and all those other products, that for years the market price in this country has been the foreign price with freight and duty added. Now I yield to the Senator from New Hampshire.

Mr. GALLINGER. I will say to the Senator that I do not know whether his statistics are absolutely correct or not, and I am not particularly interested in that now. We will discuss those questions; we have discussed one of them, and we will discuss the others when we come to them; but what I want the Senator from Nevada to elucidate is, how a pitcher that costs 90 cents a dozen manufactured in this country can possibly have the added value placed upon it by the retailer to the extent of \$3 a dozen because of a tariff? That is the point I should like to have the Senator bring out, and confine himself, if he pleases, to this particular thing.

Mr. NEWLANDS. We will assume, Mr. President, on that particular case that the cost of these pitchers in this country of manufacture is \$1 per dozen.

Mr. GALLINGER. Ninety cents.

Mr. NEWLANDS. We will assume that the manufacturer turns them over to the retailer at that price; we will assume that the retailer charges—

Mr. SCOTT. That is not a proper assumption.

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from West Virginia?

Mr. NEWLANDS. I do.

Mr. SCOTT. The jobber, who buys from the manufacturer, must pay his freight on that package of pitchers; he must pay the cartage from the depot to the store; he must pay his clerks for their work, and allow for breakage, and so forth.

Mr. GALLINGER. And get his commission.

Mr. SCOTT. It is not fair to say that the article is laid down for a dollar.

Mr. NEWLANDS. Very well, then; we will assume that of the \$3 charged the consumer, \$1 is chargeable to breakage and freight, and \$1 is chargeable to the manufacturer, so that when it comes to the retailer it comes to him with charges imposed upon it to the extent of \$2 a dozen, and he sells it for three, making a profit of a dollar. Now, if the foreign article is brought into this country without duty and the cost of manufacturing is the same, namely, \$1, and the freight and breakage are the same, namely, \$1—\$2 in all—could the retailer of the domestic article sell it at \$3? But if a duty of \$1 were added, making the total cost of the foreign article \$3, then the retailer of the domestic article could charge \$3.

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from New Hampshire?

Mr. NEWLANDS. Let me get through, Mr. President.

Suppose there were no duty; suppose this article could be produced for the same price in foreign countries for which it is produced here, \$1 a dozen; and suppose there was no duty here, and you then add the freight and breakage, amounting to a

dollar, making \$2; how could the American retailer sell the domestic product at \$3 a dozen, when it could be introduced from abroad at \$2 a dozen?

Mr. GALLINGER. If the Senator will permit me, he has cited a case where this product in the foreign market would cost a dollar, the tariff would be a dollar on it, and that would be \$2. Now, what retailer or wholesaler in the United States is idiotic enough to buy a foreign article that costs \$2 when he can get the American article at 90 cents? I hope the Senator will answer that.

Mr. NEWLANDS. That is true; but I am now asking about his selling price.

Mr. GALLINGER. I judge his buying price determines his selling price.

Mr. NEWLANDS. Not at all; because it is perfectly apparent here that his buying price is \$1 and his selling price \$3 a dozen. I ask how is it that that immense disproportion exists? I say it is the additional duty of \$1 which raises the cost of the domestic product in this country from \$1 to \$2. The price of the foreign product with the duty added enables the American retailer to charge just so much more for the American product.

Mr. HALE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Maine?

Mr. NEWLANDS. Yes.

Mr. HALE. Why does the Senator put that proposition, when it is shown that the American manufacturer under this system of protection furnishes the article for 90 cents a dozen? Why does the Senator keep talking about the price being \$2 when everybody can buy the article for 90 cents a dozen?

Mr. NEWLANDS. I fixed the price of \$2 as the ultimate cost to the retailer himself, in order to satisfy the Senator from West Virginia, who insisted that it was unfair to put the price at 90 cents a dozen, because that did not include the profit to the manufacturer. I added 10 cents to that, in order to make it a dollar. Then the Senator introduced the question of breakage and of freight, and I added a dollar for that—

Mr. HALE. Why?

Mr. NEWLANDS (continuing). So as to make it \$2 per dozen; for, of course, the breakage is large and the freight is very heavy upon this class of articles. Therefore I put that at a dollar, making the cost to the American retailer \$2 per dozen. Now, I ask, if the foreign product could be sold to the competitor of that particular retailer, who is to charge \$3 per dozen, at the price of \$1 per dozen without a duty, and the breakage and freight is added, making \$2, how in the world could the retailer selling the domestic product maintain a price of \$3 per dozen? So the protective duty tends to raise the price to the domestic consumer, whether that additional price is charged by the manufacturer, the jobber, or the retailer, or whether that increase in price is divided between the three. The fact remains that the domestic consumer pays the duty.

Another illustration made by the Senator from Utah in regard to—

Mr. McCUMBER. Will the Senator yield to me just for a moment?

Mr. NEWLANDS. Mr. President, I must decline to yield now.

The VICE-PRESIDENT. The Senator from Nevada declines to yield.

Mr. McCUMBER. I want to ask the Senator a question right there on his own proposition.

Mr. NEWLANDS. I do not wish to occupy the floor long, and I should be glad to get through.

The VICE-PRESIDENT. The Senator from Nevada declines to yield.

Mr. NEWLANDS. The Senator from Utah gave as another illustration of the rapacity of the retailers the fact that he wired to New York and found that a pane of window glass of the smallest proportions covered by this schedule, which costs, with the duty added, 4 cents a pane, is sold by the retailer, I believe, at 15 cents and by a department store at 25 cents.

Mr. SMOOT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Utah?

Mr. NEWLANDS. Certainly.

Mr. SMOOT. I understood the Senator to say that it was common window glass. I said it was the kind of glass that came under the window-glass paragraph, but was used for the framing of pictures. It comes from Germany and is such glass as we were discussing yesterday, coming in under the second clause of paragraph 97. All the importations under that paragraph are made up of that kind of glass.

Mr. NEWLANDS. Could the Senator state what the duty is upon that particular commodity?

Mr. SMOOT. The duty upon that particular piece of glass is 1½ cents per pound.

Mr. NEWLANDS. How much would that amount to a pane?

Mr. SMOOT. A box of glass of that size contains 52 pounds, and there are 50 panes in the box, which would make the duty about 1½ cents, as near as it is possible to arrive at it hurriedly.

Mr. NEWLANDS. One and three-eighths cents.

Mr. SMOOT. Yes.

Mr. NEWLANDS. So, then, the entire cost of this pane of glass is 4 cents, including 1½ cents constituting the duty and freight. I will ask the Senator from Utah whether in that case the duty was added to the price of this commodity in the New York market?

Mr. SMOOT. I will answer the Senator by saying that if the duty had been twice the amount, it would not have made any difference in the retail price to the consumer.

Mr. NEWLANDS. But will the Senator answer my question as to whether in that instance the duty was added to the price charged in this country, not by the retailer, but on the wholesale price upon the article of foreign manufacture?

Mr. SMOOT. Mr. President, I have just stated that the duty upon that particular pane of glass was 1½ cents. The duty, no doubt, was added to the cost of the Belgian glass, but if it had been three or four times the amount the consumer would never have paid a cent more for that particular pane of glass.

Mr. NEWLANDS. The Senator therefore admits that, so far as the wholesale price in this country of this particular kind of glass is concerned, the duty was added to the foreign cost and the freight. All that he complains of is that whilst the manufacturers in this country would be enabled to charge a price in this country equal to the cost of the foreign production with the duty added, yet the retailer imposes, in addition to that, a sum eight or ten times as great, shifting the bulk of the extortion to the retailer; and yet a large part of this additional price is, of course, chargeable to the manufacturer himself.

Mr. SMOOT. Mr. President—

Mr. NEWLANDS. Now, we do not contend—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Utah?

Mr. NEWLANDS. Yes.

Mr. SMOOT. I will ask the Senator if he does not know that the American manufacturer of glass is selling glass as cheaply as the foreigner is selling it, even without all of the duty added?

Mr. NEWLANDS. The manufacturer is?

Mr. SMOOT. The American manufacturer is selling glass to-day, as was stated yesterday by the Senator from Iowa, at a less price per box than the price of Belgium glass with the present duty added.

Mr. NEWLANDS. Will the Senator, then, answer me what the necessity is for that duty?

Mr. SMOOT. Mr. President, that has been discussed here for nearly two days. I can not answer that any differently from the way it has been answered here by every Senator who has spoken upon this subject.

Mr. SCOTT. Will the Senator from Nevada yield to me for a moment?

Mr. NEWLANDS. Certainly.

Mr. SCOTT. In the manufacture of window glass I have no doubt that some other Senators on this floor, as well as myself, know that, as a general rule, it is a losing business to the man who puts his money into it. When you go to sell window glass you put a certain price on it, with the discount off. The manufacturer who knows anything about his business, when he goes to sell a man a carload of glass will limit the buyer to, say, 50 boxes of 8 by 10 or 10 by 15 glass. He will have to take the larger sizes, because the manufacturer, as I said before, if he knows his business at all, knows that he loses money on every box of glass that is under that size. That is the reason for the protection that we are asking on the small sizes.

Mr. NEWLANDS. Do I understand the Senator to contend that the window-glass makers are losing money in this country?

Mr. SCOTT. I do not make any such assertion. I say that I have not a dollar now in window-glass property, but in the past I have had, and I have lost every cent of it. I think the Senator from Pennsylvania [Mr. OLIVER] desires to interrupt the Senator from Nevada, and perhaps he can tell the Senator something about the matter.

Mr. OLIVER. Mr. President, with the permission of the Senator from Nevada, I can say that the window-glass factories running in the United States to-day are not making anything like a fair return on the investment. The reason why they are not using all the duty that is placed upon the different sizes is that, by reason of the competition among themselves, they can not get a sufficient price to compensate them for the amount that they pay out.

I have some knowledge and some little feeling upon this subject, because within four years I invested no small amount of money in a window-glass factory; and I tell you, Mr. President, it disappeared as rapidly as if I had put it on the wrong number at Monte Carlo. It did not last two years. At the end of the first year there was a bad statement submitted to the stockholders. They contributed more money. At the end of the second year there was not only no prospect of profit, but there was a heavy loss, and no promise for the future. The creditors now have that factory, and it is closed up. The manufacturers of window glass to-day are the hewers of wood and the drawers of water in the industrial world of America. They are making no money, and they have no prospect of making money.

Some allusion has been made to the danger of a trust being formed. As the Senator from Iowa [Mr. CUMMINS] said yesterday, there was a combination of window-glass manufacturers in 1900 or 1901. It is in existence to-day. At the time it was organized it comprised practically all, or nearly all, of the window-glass manufacturers of the country. Within three years there were in the field enough independents to make as much of the product as the product of the so-called "trust." While that company is in existence to-day, while it is going on in business, and has the advantage of the sole ownership of the window-glass machine patents, its securities are so low that they are not even quoted on any stock exchange. I will not say that it is bankrupt, but it is so hopelessly involved that no stockholder can sell even his preferred stock at 10 cents on the dollar.

I submit, Mr. President, that the Senators who attack this paragraph of the tariff bill have chosen the poorest of all the great industries of this country to attack. If it does not need the protection it has now just at this time, the manufacturers have hope that at some time in the future the demand for their wares will be such as to enable them to charge the consumers sufficient to give some little return on their investment. I hope—I beg pardon of the Senator from Nevada for trespassing upon his time, for I had expected to say this much in my own time—but I hope that when we come to vote on this paragraph we will bear in mind that, while all of the duty on this product and on other products may not be required just now, we should not allow the specter of a trust or the fear of a combination to lead us to so lower the duty that just as soon as the manufacturers begin to have some profits in sight, the foreigner will come in with his wares and deprive the American manufacturer of almost any profit or any reasonable business return.

Mr. NEWLANDS. Mr. President, I would ask the Senator from Pennsylvania—to whose statement I have listened with a great deal of interest, for it has furnished us a great deal more information than the committee has thus far been able to give us—I would ask him why it is that the window-glass trust to which he refers failed? Was it due to excessive competition upon the part of the independent producers?

Mr. OLIVER. I am glad the Senator has asked me that question, because it is one thing I failed to say when I was talking before. The glass business generally, but particularly the window-glass business, is the easiest business to get into of all the great industries of the country. About all that a man needs to go into the business is a very few thousand dollars in his pocket, a sand bank in his back yard, and fuel reasonably handy. Glass is simply and literally the crystallization of labor.

The raw material costs nothing; it is the labor that costs, and if the manufacturer in America pays very much more for his labor than the manufacturer abroad, it naturally costs him very much more to make his product. So by the formation of the American Window Glass Company—I may as well name it—a great many men and a great many manufacturers who had theretofore been in business were thrown out. They felt very good for about the first year; then they looked around, and, like all men who have been busy all their lives, they wanted something to do, and the most natural thing to do was to take the money they got from the American Window Glass Company and go back into business, which they very promptly did. So within a very few years the American Window Glass Company did not have the hold on the business that it expected to have; but it had very strong competition, which has increased day by day since that time, because, no matter how unpromising a business looks, if a man has a little money, and nothing to do, he will go into the business with which he is acquainted and hope for better times.

To-day the window-glass manufacturers are simply doing business for nothing. They are making no money, and very many of their factories are closed up. As the Senator from West Virginia [Mr. ELKINS] read from the testimony of Mr. Faulkner, president of the Association of Window Glass Workers, there are something over 6,000 skilled glass workers to-day, and plants enough to keep them busy every day in the year,



but if they were engaged for six months in the year they could supply the entire wants of this country. So, the plant and the labor available in this industry to-day are just twice what are sufficient to supply the everyday wants of the country.

The reason why this industry has so suffered from competition is simply because it is so easy for new competitors to come in; and that, Mr. President, will be the safeguard against extortion on the part of any possible trust in this particular industry. It is not like other industries, where great aggregations of capital can obtain control of the reserves of raw material. The sand is found everywhere, the fuel is found in most places, and, with the fuel and the sand, one can put up a glass factory in a few months.

Mr. NEWLANDS. Would it be any more difficult to establish a trust in window glass than in plate glass?

Mr. OLIVER. It would be more difficult, for the reason that plate glass requires an amount of capital and a degree of skill not required in ordinary window glass.

Mr. NEWLANDS. Am I correct in my understanding that there is a trust in plate glass?

Mr. OLIVER. The Senator is not at all correct, Mr. President.

Mr. NEWLANDS. There is no trust?

Mr. OLIVER. There is no trust. In the plate-glass industry in this country there are 12 manufacturers. There is 1 great manufacturer, who turns out a little less than 50 per cent of the plate-glass product of the country. There are 11 entirely independent manufacturers, who turn out the rest. The entire product of plate glass in this country is about 38,000,000 feet, and of that the Pittsburg Plate Glass Company turns out, I think, between seventeen and eighteen millions. The rest is made by independent manufacturers scattered all over the Middle and Central Western States.

Mr. NEWLANDS. There was at one time a plate-glass trust?

Mr. OLIVER. Just as there was a window-glass trust, and independent manufacturers came in and captured the trade, so that there is no monopoly in either line of the business to-day.

Mr. NEWLANDS. As I understand the Senator from Pennsylvania, this industry is entirely without profit to the manufacturer. I do not know whether he goes so far as to say it is conducted with a loss, but, at all events, it is conducted without profit. In order to make a profit it will be necessary for our domestic producers to get a higher price. He wishes a tariff retained upon this particular product so as to relieve them from foreign competition, leaving them subject only to the competition of domestic producers. I would ask the Senator from Pennsylvania how much in addition to the present price for window glass, what percentage, ought to be added to that price in order to give our domestic producers a profit?

Mr. OLIVER. O Mr. President, that is a pretty hard question to ask a man who has never had the slightest experience in the details of the business. I can not state what is a fair degree of profit in any business, except some business with which I have been directly or indirectly connected.

The only connection I ever had with the window-glass business was the sad one to which I referred a little while ago, where I put in a lot of money and never saw it again.

Mr. NEWLANDS. Then I will ask the Senator whether in his judgment it will be necessary for the producers in this country to get double the present price in order to make a fair profit?

Mr. OLIVER. I think it would be within reason to say no to that, because—

Mr. NEWLANDS. Does the Senator think it would be necessary to get 50 per cent additional in order to make a fair profit?

Mr. OLIVER. I have had some little experience in practicing law, early in my career, and I know that a favorite method with cross-examiners is to begin at the top and ask the questions downward; and I must decline to be cross-examined in that way.

Mr. NEWLANDS. This demonstrates the absolute inaccuracy of the explanation supplied to us in this Chamber and the utter inability of a big body of this kind to meet the requirements of the situation regarding investigation. The Senator from Pennsylvania has risen and has given us more definite information regarding this particular industry than any other man upon the floor or any man upon the committee. He has asserted that low prices prevailed in the product of this industry throughout the United States, and that the industries are being conducted without profit to the promoters; and when I asked him how much, what percentage, should be added to the present price in order to give them a fair profit, he says he is unable to answer and finally declines to answer my queries further. And yet this is a most pertinent inquiry. We are determining now, according to the spirit of the Republican plat-

form, what duty it is necessary to impose upon the foreign product in order to paralyze it as a competitor with the domestic product.

Mr. SMOOT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Utah?

Mr. NEWLANDS. No; I wish to continue my line of thought.

The VICE-PRESIDENT. The Senator from Nevada declines to yield.

Mr. NEWLANDS. We have it admitted that the present duty would permit the men engaged in this domestic industry to charge a price double that which they at present receive, for it is admitted that throughout the United States the prices of the products of this industry are just about equal to the tariff duty. So if you maintain this tariff duty, it means what? That you justify the domestic producers in charging a price double that which they at present receive.

If they are at present conducting this industry without loss, though without profit, an addition of 10 per cent would make a profit; an addition of 20 per cent to the price would mean 20 per cent profit—a large manufacturing profit. And yet it is attempted to sustain here a duty aggregating nearly 100 per cent, and the very purpose of the Senator who has thus spoken is to fix this duty so as to enable the domestic producer ultimately to charge a price equal to the present price with the duty added. They have only been defeated in that purpose by their failure and inability so to combine these industries as to limit and restrain and destroy domestic competition, and thus establish a monopolistic price.

Yet the Senator from Maine [Mr. HALE] says the effect of a tariff duty is not to add the tax to the price paid by the consumer; that it has no appreciable effect upon that price, in face of evidence that the lowered prices in this country are not due to the tariff, but are due to competition amongst producers themselves, which has reduced the price to a point where the industry no longer yields a profit.

Mr. President, the Senator from Maine referred to the fact that Germany was engaged in a great campaign against the industries of the world, and particularly against the industries of this country, and that it is necessary to raise a high-tariff wall against her products. I suggest to the Senator that the example of Germany might well be followed regarding the framing of our tariff, if a protective policy is to be pursued. Germany is upon the protective system, but she shapes her protective tariff in a scientific way, with the aid of a commission or board composed of experts, with which are associated experts in every industry in every locality in every State, so that the whole adjustment of her tariff duties is a scientific adjustment, and not the haphazard adjustment which we pursue here.

When Germany determined to enter upon the protective system she organized an inquiry, submitted it to the scrutiny and the examination not only of the producers, but of the importers, and not only of the producers and the importers, but of the consumers themselves. She made it a subject of discussion in every board of trade and chamber of commerce throughout the entire country, and it was five years before the original proposals made by this expert commission found entry into the statute law of the country itself.

They have scientific inquiry. We have haphazard action, such haphazard action as this, which results in the imposition of a duty as high as the price of the product itself in this country; and that, too, in the imposition of a duty with reference to an industry concerning which the committee has been able to give us no definite information and in reference to which it has been necessary to conduct an inquiry over one day, illuminated only at its very close by one of the Senators who recently entered this body. This body, with its accumulated experience, with its wise men upon the committee, with its chairman of thirty years' experience in tariff matters, has been unable to give us the information essential for us to determine the matter.

And the information given us by the Senator from Pennsylvania is finally found to lack accuracy, for he refuses to permit me to pursue my inquiries, knowing where inevitably those inquiries would end, namely, in the ascertainment of the fact that it would only be necessary to add 10 or 20 per cent to the selling price of this product in this country in order to impose a duty that would be an ample protection and would give this industry from 10 to 20 per cent profit.

The Senator from Maine says we have not as yet come to the consumer; that we have not yet entered upon the propaganda of paternalism so far as to come to the wants and requirements of the consumer. The Senator does not hesitate to embrace paternalism when it involves the protection of the

manufacturer—the most odious form of paternalism; the imposition of a tax upon one class in order to benefit another. He does not hesitate to enter upon that form of paternalism. The Republican party have never hesitated to enter upon the form of paternalism which involves giving something to those who already have, but they always refuse to enter upon that form of paternalism which involves protection of the weaker members of the community. Let me suggest to the Senator from Maine—a convert to paternalism, as he confessedly is, by his maintenance of a protective tariff—that if we are to have paternalism it should involve the protection of the weak and not of the strong; and that if he is to protect the strong, if he is to protect the wealthy, if he is to give to those who already have, let him supplement his paternalism by looking out for the other class involved in this great question—the vast body of consumers of the country.

I have frequently suggested that it is absolutely essential, in order to consider this great question as well as the great trust question, that we should organize the statistical information of the country in such a way as to enable us to act upon information; and whenever I have suggested that the reply has been that I favor a delegation of legislative powers; that I favor the abdication of legislative functions; and that I am desirous of building up commissions so as to organize government by commission instead of government by Congress. I would not have Congress abdicate a single one of its functions; I would not have it delegate a single one of its powers; but I do insist that there is an intelligent way of proceeding with legislation, a scientific way of proceeding with legislation, and there is an unintelligent and an unscientific way, and that scientific legislation involves, necessarily, the exhaustion of information, the ascertainment of the views of men trained in all special lines of effort, and that we can never meet the industrial question in this country, either with reference to the tariff, the control of the trusts, or the intelligent direction of the labor of the country, until we have tribunals organized to inquire into the fact, and which can, operating under the rule laid down by Congress, give the relief that is essential.

I regard the Interstate Commerce Commission as a great tribunal of this kind. It is true that the Republican party has been unwilling to grant that commission the requisite powers. It is true that it stood like a stone wall for weeks and months against the recommendations of its own President with reference to giving it a limited power of condemning a rate. It is true it has refused to enable that commission to get the information essential to inquiry and judgment as to the cost and value of these railroad enterprises, and other matters of that kind. But it has finally, under the pressure of a progressive President of their own political faith, aided by the union of a progressive Republican minority with a progressive and solid Democracy, organized such a tribunal, and if it will only amplify it, increase its powers, give it jurisdiction over foreign commerce as well as state commerce, and enable it at least to enter upon inquiry regarding these matters, we will have a vast mass of statistical information such as has been built up by the Interstate Commerce Commission regarding the interstate transportation of the country.

Who of the men who opposed the regulation of the railroads by the Government would to-day strike out of existence the vast amount of statistical information which the Interstate Commerce Commission has brought into being? Who, of all of them, would to-day destroy the Interstate Commerce Commission? Who would to-day impair a single one of its powers? And yet twenty-five years ago, when the suggestion was first made by Senator Reagan, of Texas, it was opposed, and opposed principally by members of the dominant party, the Republican party, upon the ground that it involved paternalistic control over the transportation of the country.

If you will organize in the Interstate Commerce Commission another department similar to the one which now exists, and appoint upon it men of high character, men of experience, men of capacity, who will inquire into these conditions, who will inquire into the complaint of the importer, who will inquire into the complaint of the manufacturer, who will inquire into the complaint of the consumer, and who will study comprehensively the questions relating to production, foreign and domestic; the questions relating to prices, foreign and domestic, just as the Interstate Commerce Commission now makes inquiry upon the complaint of shippers, of the railroads themselves, or of the communities which are discriminated against, we would in time build up a system of principles upon this subject which, even if we did not give the commission itself the power to carry them into effect upon a rule adopted by Congress, would at least be helpful to Congress itself in the legislation which it seeks to enact.

Mr. President, it is just as essential that we should obtain all this information that is of importance to the consumer and the retailer of the country as it is that we should obtain the information that is of importance to the manufacturers of the country, and to-day, while we have statistics, they are in such disjointed and scattered form as not to be available for such an inquiry as we should enter upon.

You propose to organize practically a commission under the maximum and minimum clause, but it is so limited in its character that it will be of very little importance. I suggest to the dominant party, if this policy of protection is to be maintained—and undoubtedly it will be maintained for a number of years—that it be pursued scientifically, upon inquiry, upon hearings, upon information, in order that the ultimate facts may be ascertained and recorded, and that new conditions may be met by scientific, not haphazard, readjustments. We can imagine how, in a hearing before such a commission as I have described, upon the complaint of the importer or the manufacturer or the consumer, all the facts would be so sifted as to enable a high-class tribunal to record its judgment, as to the cost of foreign production of the articles covered by this glass schedule, as to the cost of domestic production, and as to the reasonableness of the duty imposed, in such a way as to leave no doubt regarding the facts upon which our legislation would be based.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Rhode Island that the paragraph, with the pending amendment, be passed over? The Chair hears none.

Mr. ALDRICH. I ask that the next paragraph passed over be agreed to.

Mr. SIMMONS. What is the paragraph?

The VICE-PRESIDENT. It will be stated.

The SECRETARY. The next paragraph passed over is on page 26, paragraph 98.

The VICE-PRESIDENT. Without objection, the paragraph is agreed to.

Mr. OVERMAN. What is that?

The VICE-PRESIDENT. Paragraph 98.

The SECRETARY. The next paragraph passed over is paragraph 99.

The VICE-PRESIDENT. Without objection, the paragraph is agreed to. The Chair hears none.

The SECRETARY. The next paragraph passed over is 100.

Mr. ALDRICH. There are some motions or amendments pending to that, some to increase and some to reduce it. I ask that it may be passed over for the present.

Mr. OVERMAN rose.

Mr. ALDRICH. One hundred is the one I allude to.

Mr. OVERMAN. I have an amendment—

The VICE-PRESIDENT. The Senator from Rhode Island asks that paragraph 100 be passed over. Is there objection?

Mr. OVERMAN. My amendment has been offered.

The VICE-PRESIDENT. The Chair hears no objection.

The SECRETARY. The next paragraph passed over is 101.

The VICE-PRESIDENT. Is there objection to agreeing to paragraph 101? The Chair hears none.

The SECRETARY. The next paragraph passed over is 106.

The VICE-PRESIDENT. Is there objection to agreeing to paragraph 106? The Chair hears none.

The SECRETARY. The next paragraph passed over is 107.

Mr. STONE. I desire to propose an amendment.

Mr. CRAWFORD. I simply want—

The VICE-PRESIDENT. The Senator from Missouri has the floor. For what purpose does the Senator from South Dakota rise?

Mr. CRAWFORD. To make an inquiry.

The VICE-PRESIDENT. Of the Chair or of the Senator from Missouri? Does the Senator from Missouri yield to the Senator from South Dakota?

Mr. STONE. I do.

Mr. CRAWFORD. I notice that paragraph 102 was passed by here as if it had been accepted the other day.

Mr. BEVERIDGE. No; it was passed over.

The VICE-PRESIDENT. Paragraph 102 was accepted the other day—102, 103, 104, and 105.

Mr. BEVERIDGE. That is true.

Mr. ALDRICH. I think there is no objection to 102. I think it is 100 to which the Senator refers.

Mr. CRAWFORD. Then I have made an error in my notes.

Mr. ALDRICH. I think the Senator from South Dakota is mistaken.

Mr. BEVERIDGE. It is 100.

Mr. CULBERSON. Mr. President—

The VICE-PRESIDENT. Does the Senator from Missouri yield to the Senator from Texas?



Mr. STONE. I do.

Mr. CULBERSON. I was requested to make a statement by the Senator from Oklahoma, but I believe he does not desire it done. I have been so informed since I rose.

Mr. STONE. I propose the following amendment—

Mr. CULLOM. To what paragraph?

Mr. STONE. Paragraph 107.

The VICE-PRESIDENT. The committee amendment to paragraph 107 was agreed to.

Mr. STONE. This is a different matter. My amendment is, first, to strike out the word "and," in line 16, and after the word "section," in the 19th line, to add:

And all manufactures and articles of glass of every description, for use in chemical, bacteriological, biological, and physical laboratories, whether plain, ground, polished, engraved, or etched, unless such grinding or polishing is for the purpose of ornamentation or decoration.

I send the amendment to the desk. What I send to the desk it is proposed to add after the word "section," in line 19.

The VICE-PRESIDENT. The Secretary will read the amendment.

The SECRETARY. On page 29, line 16, after the word "cases," strike out the word "and;" and in line 19, after the word "section," insert:

And all manufactures and articles of glass of every description for use in chemical, bacteriological, biological, and physical laboratories, whether plain, ground, polished, engraved, or etched, unless such grinding or polishing is for the purpose of ornamentation or decoration.

Mr. ALDRICH. I think that is a little too comprehensive in its character. I have sympathy with the general idea of the Senator from Missouri, but I do not see why it is necessary to have etched glass for bacteriological purposes. It seems to me the amendment is a little too broad in its terms. If the Senator will allow the amendment to be printed and go over, the committee will examine it.

Mr. STONE. I will be very glad to do so.

Mr. ALDRICH. The general purposes of the Senator from Missouri, I think, are proper, but I am afraid the amendment goes too far in the description.

Mr. STONE. I will state to the Senator that the form of the amendment was furnished to me by a large dealer in scientific glasses, and the reasons given in his communication strike me as being well taken, but I am perfectly content to follow the suggestion of the Senator from Rhode Island.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Rhode Island that paragraph 107 be passed over? The Chair hears no objection. The Secretary will read the next paragraph passed over.

The SECRETARY. The next paragraph passed over is paragraph 109.

The VICE-PRESIDENT. The Secretary will state the amendments of the committee in their order.

The SECRETARY. On page 29, line 25, after the first word, "marble," strike out the words "or limestone susceptible of polish and ordinarily used for interior work" and insert "breccia and onyx."

The amendment was agreed to.

The next amendment to the paragraph was, on page 30, line 2, to strike out the words "onyx, in block, rough or squared, \$1 per cubic foot."

The amendment was agreed to.

The next amendment was, on page 30, line 3, after the word "marble," to insert "breccia and;" and after the word "onyx," in the same line, to strike out the words "or such limestone;" in line 5, after the word "marble," to insert the words "breccia, or;" in the same line, after the word "onyx," to strike out the words "or such limestone;" and in line 7, before the word "cents," to strike out "ten" and insert "eight," so as to read:

109. Marble, breccia, and onyx, in block, rough or squared only, 65 cents per cubic foot; marble, breccia, and onyx, sawed or dressed, over 2 inches in thickness, \$1 per cubic foot; slabs or paving tiles of marble, breccia, or onyx, containing not less than 4 superficial inches, if not more than 1 inch in thickness, 8 cents per superficial foot.

The amendment was agreed to.

The next amendment was, on page 30, line 9, after the word "thickness," to strike out the words "twelve and one-half" and insert "ten," so as to read:

If more than 1 inch and not more than 1½ inches in thickness, 10 cents per superficial foot.

The amendment was agreed to.

The next amendment was, in line 11, after the word "thickness," to strike out "fifteen" and insert "twelve and one-half," so as to read:

If more than 1½ inches and not more than 2 inches in thickness, 12½ cents per superficial foot.

The amendment was agreed to.

The next amendment was, in line 14, after the word "marble," to insert the words "breccia, or;" in the same line, after the word "onyx," to strike out the words "or stone;" and in line 15, after the word "loose," strike out "one-half" and insert "one-fourth," so as to read:

If rubbed in whole or in part, 2 cents per superficial foot in addition; mosaic cubes of marble, breccia, or onyx, not exceeding 2 cubic inches in size, if loose, one-fourth of 1 cent per pound and 20 per cent ad valorem.

The amendment was agreed to.

The next amendment was, in line 17, before the word "cents," to strike out "ten" and insert "five," so as to read:

If attached to paper or other material, 5 cents per superficial foot and 35 per cent ad valorem.

The amendment was agreed to.

The VICE-PRESIDENT. Without objection, the paragraph is agreed to. The next paragraph passed over will be stated.

The SECRETARY. The next paragraph passed over is paragraph 110. The committee propose to strike out paragraph 110 and to insert in lieu thereof the following:

110. Marble, breccia, onyx, alabaster, and jet, wholly or partly manufactured into monuments, benches, vases, and other articles, or of which these substances or either of them is the component material of chief value, and all articles composed wholly or in chief value of agate, rock crystal, or other semiprecious stones, except such as are cut into shapes and forms fitting them expressly for use in the construction of jewelry, not specially provided for in this section, 50 per cent ad valorem.

The amendment was agreed to.

The VICE-PRESIDENT. The Secretary will read the next paragraph passed over.

The SECRETARY. The next paragraph passed over is on page 32, paragraph 115½.

Mr. BEVERIDGE. Was paragraph 112 agreed to?

The VICE-PRESIDENT. Paragraph 112 was agreed to.

Mr. OLIVER. Before we pass to Schedule C, I was out of the Chamber, and I should like to know what was done with paragraphs 98, 99, 100, and 101?

The VICE-PRESIDENT. Paragraphs 98 and 99 were agreed to. Paragraph 100 was passed over.

Mr. NELSON. What was done with paragraph 115½?

Mr. ALDRICH. It has not been read.

The VICE-PRESIDENT. That is the pending proposition.

Mr. SIMMONS. I did not understand that paragraph 97 had been agreed to.

The VICE-PRESIDENT. Paragraph 97 was passed over.

Mr. OLIVER. I was out of the Chamber a very few minutes and—

Mr. ALDRICH. The paragraph in relation to plate glass, I will say to the Senator from Pennsylvania, has been passed over.

Mr. OLIVER. But paragraphs 98, 99, and 101?

Mr. ALDRICH. All those have been agreed to, and if there is any change made in paragraph 100 that will make it necessary to return to those it will be done.

Mr. OLIVER. All right.

The VICE-PRESIDENT. Paragraph 115½ will be read.

The SECRETARY. On page 32, after line 8, the committee report to insert a new paragraph, as follows:

115½. Iron ore, including manganese iron ore, and the dross or residuum from burnt pyrites, 25 cents per ton: *Provided*, That in levying and collecting the duty on iron ore no deduction shall be made from the weight of the ore on account of moisture which may be chemically or physically combined therewith.

Mr. CRAWFORD obtained the floor.

Mr. RAYNER. Will the Senator from South Dakota yield to me for a moment?

Mr. CRAWFORD. Certainly.

Mr. RAYNER. I do not intend to interrupt the Senator, but if he will permit me I wish to make a motion so it will be pending. I want to move to strike out paragraph 115½. When the time comes I will move to put iron ore on the free list, as it came from the House of Representatives. I want to have the motion pending to strike out paragraph 115½.

The VICE-PRESIDENT. The pending question is to insert the paragraph. The paragraph is not in the bill, so that if that vote is negated—

Mr. RAYNER. Then it does not require any motion?

The VICE-PRESIDENT. It does not require any motion, but simply a vote to negative the pending question.

Mr. RAYNER. But my motion would be to put iron ore on the free list.

The VICE-PRESIDENT. The Chair does not know whether that motion would be necessary or not. That might be another proposition.

Mr. RAYNER. I will wait until the Senator from South Dakota has concluded.

Mr. CRAWFORD. Mr. President, I am not going to take the time of the Senate very long. I may tax its patience a little,

but I have something to say with reference to the imposing of duties upon natural resources which I had intended to present, if I presented it at all, in connection with the wood schedule. But the imposing of a duty on iron ore and upon coal, lumber, and petroleum is so blended in principle that I think it will be only fair to the Senate for me to present what I have to say at this time upon this subject, as it applies to all of them.

Mr. President, as one of the Members of this body from the State of South Dakota, charged with the duty of participating in its deliberations and of casting a vote upon every question connected with the schedules in the pending bill, I have some convictions which I feel ought to be expressed to show the sentiment and wish of the people of the State which sent me here.

Since the beginning of the Government impost duties have been levied for a twofold purpose: First, to raise revenues for current expenditures; second, to encourage and promote the development of domestic enterprise and the remunerative employment of labor. It is a system of indirect taxation which has served both these purposes effectively and has fully justified the faith of its supporters.

I believe that the majority of the American people favor the continuance of this method of raising public revenue for both the purposes named, and that they prefer it to any form of internal-revenue tax, excise tax, or direct tax that can be devised. So strong is the hold which this system of raising revenues, and at the same time protecting American enterprise from ruinous foreign competition, has upon the people that the Democratic party has not been able, and I doubt if it ever will be able, to unite its own members in the support of a tariff for revenue only.

In both branches of the present Congress are a goodly number of Democratic Members from States interested in the manufacture of lumber, iron, steel, and cotton textiles, in the raising of sugar and tobacco, in the production or mining of coal, iron ore, and lead, who are just as anxious to have the principle and the practice of protection observed in levying duties upon these articles as the most ardent apostle of protection in the Republican party.

It is assumed on both sides that the law to be enacted here will recognize this dual purpose in fixing rates, and the real differences arise in connection with the distribution of the duties upon the vast number of articles imported.

Upon what articles shall the duties be laid and what shall be the rate in each case? What articles shall be allowed to come into the country free? What rate is reasonable in a given case for the purpose of producing revenue and also for the purpose of protecting the American producer?

Does the American owner or producer of a certain article of commerce need protection? If so, what rate will not be so high as to be prohibitive, nor yet so low as to discourage and depress him? How and where and when is the evidence to be procured from which to determine all these things? Is it to be received ex parte and from the beneficiaries only? Is it to be collected from voluntary witnesses during the hearings of a committee of Congress holding all its sessions in Washington and covering the period of only a few weeks? These are really the serious and perplexing questions connected with the system of raising revenues by customs duties.

Assuming that the tariff imposed upon articles which can be successfully produced in this country should be such an amount as will equal the difference in the cost of production at home and the cost of production abroad, allowing a reasonable profit to the American producer, according to the rule declared in the Republican national platform, it must be admitted that a higher rate than this is excessive and unjust to the consumer.

In the very nature of things the difficulty is found in procuring the necessary testimony from disinterested and reliable sources upon which to apply the rule. I have read much of the testimony taken at the hearings of the House Committee on Ways and Means, and believe I am justified in saying that nearly all the witnesses who gave testimony there appeared as special pleaders, directly interested in the particular schedule about which they desired to be heard and concerning which they testified.

The impression left on one's mind, after reading this testimony, is that it is unsatisfactory, highly colored, one-sided, and far from convincing.

It is too large a task to impose upon a committee of Congress the immense work of collecting, sifting, and classifying all the material testimony necessary to an intelligent and successful application of the rule declared in the Republican national platform. No witnesses appear voluntarily before the committee, except those who are directly and peculiarly interested either as producers on the one hand or as importers on the other. Disinterested witnesses who represent the great mass of our people,

whose interests are indirectly affected in one way and another by the tariff, do not appear, and under the circumstances can not be heard by the committee. The research and investigation required to ascertain from authentic and reliable sources the cost of production—including labor—in foreign countries of many thousands of articles that come to these shores from the uttermost parts of the earth, and the research and investigation necessary to secure full and reliable evidence showing the cost of the production of similar articles in the United States, where conditions are constantly changing, involve time, travel, investigation, and expert knowledge inaccessible and impossible to a committee sitting here at the National Capital for a few weeks only. For this reason I favor the creation of a tariff commission of experts, and believe we should accompany this law with another creating such a commission or else we should attach an amendment of that kind to the pending bill. Experts working disinterestedly throughout the year investigating, collecting, classifying, tabulating, and laying before each Congress authentic and reliable evidence upon the pertinent and material issues involved in the revision of tariff schedules, would, it seems to me, obviate the great difficulty we are experiencing here in trying to apply the rule declared in the party platform without the evidence, properly digested and classified, necessary to an intelligent application of that rule. But we are called to revise these tariff schedules at once, and the one thing above all others which we are expected to do is to reduce all duties which are excessive and to remove others which are harmful in their effect and against public policy.

#### NATURAL RESOURCES.

In my humble opinion, a duty upon lumber, oil, iron ore, and coal is harmful in its effect and is against sound public policy, because these natural resources lie at the foundation of our industrial life and are as necessary to its sustenance and support as the air we breathe is necessary to sustain human life. A tariff upon these natural resources can have but one effect, and that is to check the use of that part of the world's stock lying beyond our borders and to hasten the exhaustion of the supply we have at home. A ton of coal or of iron when taken from the earth is never replaced; neither is a barrel of crude petroleum nor a cubic foot of natural gas. A tree removed from the forest is not soon replaced. Why, then, should the Government put a premium upon their destruction? The most reliable estimates reckon our supply of standing merchantable timber at 2,000,000,000,000 feet. Our annual cut is now 40,000,000,000 feet and is constantly increasing. In 1880 it was only 18,000,000,000 feet, and in 1905 it was 34,000,000,000 feet. Notwithstanding the use of cement and reinforced concrete, the consumption of lumber is increasing each year. It is said that we use annually 500 feet board measure per capita, as against an average of only 60 feet per capita in all Europe.

Mr. Kellogg, of the Department of Agriculture, says that the days of the white pine are rapidly passing; that the supply of southern yellow pine will be exhausted in from ten to twenty-five years; that at the present rate of cutting the supply of Douglas fir will last about seventy years; but that at the present ratio of increase, the cut will more than double within a few years, and there will be comparatively little Douglas fir left in from twenty-five to thirty years.

It is rapidly following in the wake of the white pine. What has become of the vast forests which covered the Mississippi Valley seventy years ago? The great stretches of woodlands in New York, Pennsylvania, Ohio, Indiana, Michigan, Wisconsin, and Minnesota have fallen away under the ax of a relentless army of woodmen as growing vegetation has, in times past, been devoured by myriads of locusts. The value of the remaining stumpage has increased a thousandfold and the timber barons are swiftly reaching out for all that is left.

Mr. Hill, in one of those remarkable addresses of his, speaks thus of fuel and iron:

The mineral wealth stored in the earth can be used only once. When iron and coal are taken from the mine they can not be restored; and upon iron and coal our industrial civilization is built. When fuel and iron become scarce and high priced, civilization, so far as we can foresee, will suffer as man would suffer by the gradual withdrawal of the air he breathes. The exhaustion of our coal supply is not in the indefinite future. The startling feature of our coal production is not so much the magnitude of the annual output as its rate of growth. For the decade ending in 1905, the product was 2,832,402,746 tons, which is almost exactly one-half the total product previously mined in this country. For the year 1906 the output was 414,000,000 tons, an increase of 46 per cent on the average annual yield of the ten years preceding. In 1907 it was 470,000,000 tons.

President Roosevelt in his address before the conference of governors called attention to the most remarkable fact that the mere increase in our consumption of coal during the year 1907 over the year 1906 exceeded the total consumption of coal in the centennial year 1876. As an answer to the claims of the Senators of West Virginia for a tariff on coal and petroleum, I wish in this connection to call attention to what Mr. I. C.



White, the state geologist of the State of West Virginia, a very eminent authority, has to say upon the "Waste of Our Fuel Resources" in the illuminating address delivered by him at the conference of governors held at the White House.

He says that the oil-producing interests of the country have made a great mistake in not appreciating the enormous fuel value of the natural gas they have destroyed and by throttling all attempts to legislate for its protection. He asks, Why should a few oil producers, in their insane haste to get rich quickly or add to fortunes already swollen beyond safety to the Republic, be permitted thus to despoil the entire country of its choicest fuel? He tells how the deposits of gas were tapped and allowed to escape by billions of cubic feet unnecessarily and without being employed for any purpose, and suggests that the men who have thus permitted the loss of our gaseous fuels, often because they could neither see the substance itself nor realize the extent of what they were doing, should not be so wasteful of solid fuels—the coal beds—something they can readily perceive and handle and weigh. He says that of the total quantity of coal we have produced since mining for commercial purposes began, amounting to over 7,000,000,000 tons, at least an equal amount, and possibly more, has been left in abandoned mines and irretrievably lost; that the people have generally believed that their supply of fuel is inexhaustible, or its exhaustion is so remote that it is not a serious subject for present consideration.

Mr. White contends that this is a very serious error. He cites the Appalachian coal field as an illustration. That field, he says, is the richest of any on the continent; that it is also the most important to the welfare of the country, because it is nearest the seaboard, and because it contains the vast bulk of our coking coals, upon which, he says, our preeminence in the iron and steel industry depends; that, with the exception of a few narrow strips close to regions of rock disturbance or folding in our western country, no first-class coking coals have yet been discovered in the United States outside the Appalachian basin; that the Pittsburgh district is located in the heart of the Appalachian field, where fuel of every description is most abundant and most accessible; that the tonnage originating in the Pittsburgh district and passing through it now exceeds that of the four greatest seaport cities in the world—London, New York, Liverpool, and Hamburg—combined. He says we can maintain this industrial supremacy in the iron and steel business of the world just so long as the Appalachian coal field shall continue to furnish cheap fuel, and no longer. He says:

If the wasteful methods of the past are to continue; if the flames of 35,000 coke ovens are to continue to make the sky lurid within sight of the city of Pittsburgh, consuming with frightful speed one-third of the power and half of the values locked up in these priceless supplies of coking coal, the present century will see the termination of this supremacy. No portion of the Appalachian field is richer in fuel resources than the Pittsburgh district, and if we can estimate approximately how long its fuel will last we shall have gauged, in a rough way, the productive life of the Appalachian field.

According to Mr. White, the Pittsburgh coal area embraces five counties in western Pennsylvania. In 1907 Pennsylvania produced 129,000,000 tons of bituminous coal. There remains unmined in Pennsylvania 110,000 acres, which will yield about 8,000 tons of bituminous coal per acre. This is a total stock of 8,800,000,000 tons in Pennsylvania. At the rate of 129,000,000 tons output a year, the supply will be exhausted in sixty-seven years. But this yearly output is increasing rapidly and may be doubled within the next ten years.

Mr. White further says that the West Virginia area of this great bituminous coal bed is about equal to that of Pennsylvania, and that it can add only a few years to the life of the Pittsburgh production. Exhaust the supply of bituminous coal in the Pittsburgh district and the greatest workshop in the world will become extinct. The warning cry of this great geologist passes unheeded by men who are amassing fortunes in the business of mining and selling coal, and, to accelerate the rate at which the supply is diminishing, they want a tariff imposed upon the imported article. The same is true in regard to iron ore. We are told that the total iron ore mined in the United States doubles once each seven years. It increased from 12,000,000 tons in 1893 to 52,000,000 tons in 1907. The production of pig iron has advanced from 50 pounds per capita in 1850 to 600 pounds per capita, or from an annual output of half a million tons to 25,000,000 tons, two and a half times the product of Great Britain and nearly half the product of the whole world. Speaking of the supply of iron ore, Mr. Hill says:

The supply of this most precious of all metals is so far from inexhaustible that it seems as if iron and coal might be united in their disappearance from common life.

Mr. Hill further says that the large deposits of iron ore in this country are now located. That for cheap iron the manufacturer depends on the Lake Superior district, because of its

high grade, its nearness to the Lakes, and the ease with which it is mined. That at the present rate of consumption it will require 2,000,000,000 tons to supply the demands for forty years, and this would approach the end of all high-grade ore now in sight. But he observes that production is certain to increase even more rapidly than in the past; that the demand for iron ore during the present century may increase to from 50,000,000 to 100,000,000 tons per year, and under the most favorable view of the situation, the conclusion is forced that iron and coal will not be available for common use on anything like present terms before the end of this century. Yet he says:

We forbid to our consumers access to the stores of other countries, while we boast of our increased exports of that material for want of which one day the Nation must be reduced to the last extremity.

Our fathers believed that we had more public land than could be utilized in a thousand years; but the public domain is already, practically speaking, occupied. What is left must be reclaimed from the desert and the swamp by irrigation and by drainage. Before the end of the twentieth century we will have from 150,000,000 to 200,000,000 of people. Are we to give no thought to them? If we go on recklessly and wastefully converting all our timber, coal, petroleum, and iron ore into gold, leaving nothing for them, how are they to live?

A tariff levied upon these great natural resources is not protective; it is destructive. It should not be levied for the purpose of checking importations of lumber, coal, iron, and petroleum when a wise conservation of the rapidly diminishing stock we have at home suggests that we draw from outside sources and economize in the use of our own stock as much as possible. The sadly impaired stocks of wood and carbon left should warn us that when we eagerly crowd their consumption because we are greedy for the gold they will bring to us we are robbing our children and our children's children.

The courts are beginning to recognize, as a ground for interference with the ownership of private property, the right of a State to restrict the owner from cutting trees on private land when such restriction is necessary to prevent droughts and floods, preserve the natural water supply, and prevent the waste of soil by erosion. For just such a purpose the supreme court of Maine has decided—

That the property rights of the individual are subordinate to the rights of the community, and especially that the waste of wild timber land derived originally from the State, involving as it does the impoverishment of the State and its people, and thereby defeating one great purpose of government, may properly be prevented by state restrictions.

And the Supreme Court of the United States has held that—

The State, as quasi sovereign and representative of the interests of the public, has a standing in court to protect the atmosphere, the water, and the forests within its territory, irrespective of the assent or dissent of the private owners of the lands immediately concerned.

How utterly inconsistent with this recognized duty of the State to conserve natural resources is the proposal that the Government shall stimulate and encourage the cutting and selling of timber and the mining and selling of coal and iron ore by checking the importation of these articles by means of tariff duties.

Mr. BEVERIDGE. Mr. President—

The PRESIDING OFFICER (Mr. KEAN in the chair). Does the Senator from South Dakota yield to the Senator from Indiana?

Mr. BEVERIDGE. I only want to ask a question.

Mr. CRAWFORD. I yield.

Mr. BEVERIDGE. I think the Senator, earlier in his very admirable address, indicated at what period of years in the future our stock of iron ore will be exhausted if the consumption keeps on increasing as at present. I merely want to ask now, so that I may fix it in my own mind, how soon that will be? Did the Senator say about forty years? It is very important.

Mr. CRAWFORD. I referred to lumber—seventy years, if the consumption goes on at the present rate; but if the accelerated ratio of increase is maintained it will be exhausted in thirty years.

Mr. BEVERIDGE. In thirty years. That is an argument that can not be easily answered. I shall not forget that.

Mr. SMITH of Michigan. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Michigan?

Mr. SMITH of Michigan. I think, Mr. President, the argument can be very easily answered.

Mr. CRAWFORD. I do not care to yield my time. I have put my remarks in compact form, making them as meaty as I could, so as to take up as little time as possible; and I simply quote the authorities for what I say. I will yield, however, for a question.

The PRESIDING OFFICER. The Senator from South Dakota yields for a question.

Mr. CRAWFORD. I do not, however, want any extended remarks interjected into mine.

Mr. SMITH of Michigan. The Senator need not be afraid of any extended remarks from me, for I do not make them; but I do want to answer his suggestion of thirty years as the limit—

Mr. CRAWFORD. I shall be very glad to have the Senator do that when my address is finished, but I do not like to have it broken into here.

Mr. SMITH of Michigan. But, in one word, I want to say that the Senator is entirely in error and in direct conflict with the Geological Department of the Government, whose report will throw a great deal of light upon that statement.

Mr. CRAWFORD. I make no statement except that which I give from these authorities.

Mr. SMITH of Michigan. I have the statement of the Geological Department, made in connection with the conservation congress; and the figures which are there given, and which I am sure the Senator will accept, are very different from those which he has quoted.

Mr. CRAWFORD. I simply quote authorities like Mr. Hill, a master in his field, and Mr. White, the geologist of West Virginia, recognized everywhere as an authority. I will ask the Senator from Michigan to allow me to present my remarks in compact form, without breaking into them, and I will gladly yield the floor for questions at the end of my speech.

#### LUMBER.

The situation in regard to lumber is both serious and irritating. The creation of large forest reserves has left an ever-narrowing area of stumpage, in the Southern and Pacific States, in the hands of private owners. All through the West and the Southwest the retail dealers, by some sort of concert, have divided their territory into districts and agreed to adhere to a uniform price, which is high and often exorbitant.

Logs are on the free list, but the consumer of lumber does not buy logs, and with no transportation facilities for shipping them from Canada into the United States, the situation is in no wise affected by placing logs on the free list.

The duty on rough lumber is now \$2 per thousand, and the Payne bill reduces it to \$1 per thousand. This is good as far as it goes, but it does not go very far, because men who want lumber to build houses and barns and granaries do not buy rough lumber; they buy finished lumber. The duty on finished lumber is \$2.50, \$3, \$3.50, and \$4 per thousand. Under the Payne bill it is \$1.50, \$2, \$2.50, and \$3 per thousand, which, so far as the amounts added as a differential for the finishing are concerned, is no reduction at all. This differential duty is a prohibitive rate, as the following figures show:

Under the present law rough lumber pays a duty of \$2 per thousand, and in 1907 we imported 859,000 M feet, on which we collected a duty of \$1,718,679. But of finished lumber, paying a duty of \$3.50 per thousand, we imported only 897 M feet, on which the duty was only \$3,141; of finished lumber, paying a duty of \$3 per thousand, we imported only 2,777 M feet, on which the duty was only \$8,333. Of sawed lumber, planed on one side only, which pays a duty of \$2.50 per thousand feet, we imported 19,176 M feet, which paid a duty of \$7,942.38.

The lower the duty the larger the importations and the greater the amount of revenue received. On finished lumber, which is the kind and, practically speaking, the only kind of lumber which the farmer and home builder buys, the differential in the Dingley law is prohibitive and that differential remains unchanged in the Payne bill. This is not such a revision of the tariff on lumber as the country expects and demands of this Congress. To allow this high rate to stand upon finished lumber is wholly wrong, in my opinion, and will not be excused.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from North Carolina?

Mr. CRAWFORD. I do, with the understanding that he is not to interrupt except for a question.

Mr. SIMMONS. Simply for a question. Does not the Senator know that the reason there has been so little importation of dressed lumber, at least from the Georgian Bay section of Canada, is because of the fact that they have nothing but a sawmill there, and are without drying kilns, and planing, tonguing, and grooving equipment?

Mr. CRAWFORD. Georgian Bay is only a little speck in Canada. What may be a local condition there is not a statement of the general situation at all.

Mr. SIMMONS. Is it not the point from which comes practically all the lumber that is sold in the Middle West?

Mr. CRAWFORD. Very little Canadian lumber is sold in the Middle West on account of the tariff.

Mr. SIMMONS. I refer to that area of country of which New York is on the east, the Ohio on the south, and the Mississippi on the west?

Mr. CRAWFORD. I am not sufficiently advised to answer that question.

It is everywhere admitted that prices of commodities in general have advanced very materially during the past ten years, but the increase in the price of lumber has surpassed all others. Bulletin No. 75 of the Bureau of Labor, Department of Commerce and Labor, shows this very clearly. I read from page 299:

*Relative price of commodities, 1890 to 1907.*  
[100 represents average price for 1890-1899.]

	1902.	1903.	1904.	1905.	1906.	1907.
Cloths and clothing.....	102	106.6	109.8	112.2	120	126.7
Fuel and lighting.....	134.3	149.3	132.6	128.8	131.9	135
Metals and implements.....	117.2	117.6	109.6	122.5	135.2	143.4
Lumber and building materials.....	118.8	121.4	122.7	127.7	140.1	146.9

The greatest increase was in the three items fuel and lighting, metals and implements, and building materials; and the one item which advanced more than all others was that of lumber and building materials.

The manufacture and importation of lumber from Canada is surrounded with many difficulties. The Dominion government, unlike ours, has the power to levy export duties, and does levy them in certain contingencies.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from North Carolina?

Mr. CRAWFORD. I do.

Mr. SIMMONS. I should like to inquire of the Senator if it is not a fact that during the last eighteen months the price of lumber has fallen much more than have the prices of farm products?

Mr. CRAWFORD. Farm products probably have maintained themselves better than other staples; but the depression of 1907 explains the fall in price, and the tariff had nothing to do with that.

For instance, under an act dated June 29, 1897, as shown at page 16 of Tariff Series No. 20, issued by the Bureau of Manufactures, Department of Commerce and Labor, if any country imposes an import duty upon timber, lumber, or wood, viz, lumber and timber planks and boards of amaranth, cherry, chestnut, walnut, pitch pine, sycamore, Spanish cedar, oak, hickory, white oak, red cedar, and white ash, not otherwise manufactured than rough sawn or split or creosoted; or sawed or split boards, planks, deals, and other lumber when not further manufactured than dressed on one side only; or pine and spruce clapboards; or timber hewn or sawed, squared or sided; or laths, pickets, and palings; or staves, shingle bolts, hoop poles, fence posts, railroad ties, and hickory felloes; or logs and round manufactured timber, coming into such country from Canada, the governor in council may, by proclamation, impose an export duty of not exceeding \$3 per thousand feet board measure upon all pine, Douglas fir, spruce, fir, balsam, cedar and hemlock logs, and pulp wood exported to such country from Canada.

Besides this, the Canadian Provinces levy export duties. Ontario prohibits the export of pulp wood entirely. Quebec charges 65 cents per cord for pulp wood cut on crown lands, and allows a reduction of 25 cents per cord when the wood pulp is manufactured into pulp or paper within the Dominion of Canada. British Columbia levies an export duty upon coal and upon coke.

In the matter of stumpage, Mr. F. B. Lynch was a witness. I will not repeat here the able arguments made by others or the figures, except by reference to his testimony. He testified before the House committee that all the timber in Canada carries a minimum royalty to the government of 50 cents a thousand, board measure, and from that up to \$6 a thousand in some of the eastern Provinces; that, in addition to this royalty, a bonus must be paid to the Dominion government when the license to cut the timber is issued, which amounts to from 15 cents to \$2 per thousand. The bonus is paid to the government in cash when the lumber is sold, and the royalty is paid when the timber is sawed. A royalty is also paid on all the by-products, including lath and shingles. It costs more to erect and equip mills in Canada than in the United States.

The machinery is manufactured in the United States and pays a duty of about 20 to 30 per cent ad valorem when it crosses the line; the freight charges for hauling all this machinery from the United States into the heart of the Canadian timber regions are heavy, and the labor of millwrights and skilled mechanics is American, and can only be induced to come into Canada by paying to it higher wages than are paid for it in the United States. Mr. Lynch testified that two large mills, each having



a capacity of 35,000,000 feet per annum, built by his companies in Saskatchewan and British Columbia, cost about \$400,000, and that similar mills in the United States cost only about \$250,000 each. Mr. Lynch testified that the difference in cost "is explained by the tariff charged by the Canadian government on American machinery which is used in the Canadian mills, the high freight rates on this machinery, the high cost of labor prevailing in Canada, and the lack of efficiency in the Canadian mechanic as compared with the American mechanic." This statement, even though it is made by a man extensively interested in Canadian lumber, seems to be entirely reasonable, and I believe it to be substantially true. While Canada has only about one-third as much natural timber as we have in this country, she has only about one-tenth as many people to consume it. To find a market for it, her lumbermen must, in the very nature of things, export it long distances from where the mills are located and the logs are cut and find a market in foreign lands. Generally speaking, it is admitted that the standard of living and the rate of wages paid to labor in the lumber industry in Canada compare very favorably with the standard and rate in the United States.

I have read the testimony presented to the Ways and Means Committee upon the cost of labor employed in manufacturing lumber in Canada and in the United States, and, take it all through, it certainly fails to show a higher average wage in the United States. It is true that in the tide-water mills in British Columbia some oriental labor is employed at an average wage of about \$1.25 per day, and along the border in lower Canada the French Canadian is employed on the Canadian side for a lower wage than is paid for labor in the lumber industry in Maine and Vermont. To offset these two cases, we find that the labor employed in the lumber industry in the South is largely colored, and that it receives an average wage of only \$1.25 per day. We find, also, that in the State of Washington more or less oriental labor is employed, and when employed receives no higher wage than is paid for it in the tide-water mills of British Columbia.

Speaking of this kind of labor, Mr. Theodore M. Knappen, testifying before the House Committee on Ways and Means, said:

There is no doubt that, as a whole, the oriental labor employed in the coast mills in British Columbia is costlier than white labor, because it is far less productive. It really proves nothing as to labor cost to show a few Orientals on the pay roll, because it is certain that, as a very general rule, their efficiency is much below that of the whites.

What Orientals are employed are almost entirely in the tide-water mills. The mountain mills in British Columbia use few, if any, oriental laborers. They are prohibited from working in the woods at all. White labor is thoroughly organized. The Hindoos—and most of the oriental labor employed is Hindoo—are very inefficient workmen, because of their lack of muscular strength, their unfamiliarity with western methods, and their general ignorance. They draw from one-half to three-fourths as much pay as white men, and one employer says he considers that one white man is worth three Hindoos.

The evidence presented to the House committee shows that the wages generally paid for labor in the production and manufacture of lumber in Ontario and in western Canada are fully as high and in many cases higher than in the middle and western United States.

Witnesses on both sides prepared and put in evidence before the House committee detailed lists with wages paid to employees. An examination and comparison of these tables show no advantage in higher wages to the American.

For the Canadian side, Mr. Lynch filed tables showing wages paid employees in his large mills and logging industries at Fernie, British Columbia, and at Barrows, Saskatchewan. Mr. Knappen, for the same side, filed a comparative table showing scale of wages paid in nine large Canadian mills and in five similar mills in the United States, also a table comparing wages paid in Canadian logging camps with wages paid in American logging camps. In Canada the men work six days in the week and ten hours a day.

For the American lumbermen, Mr. T. B. Walker filed a statement showing scale of wages paid by him; Mr. George K. Smith put in a table showing scale of wages in southern sawmills, including both white and colored labor; and Mr. D. E. Skinner, of the Port Blakeley Mill Company, a corporation which he says probably enjoys the largest output of any single concern in the United States in lumber for the last fifty years, and which is one of the mills in the United States where oriental labor is employed, offered photographs and some ex parte affidavits to show that oriental labor is employed in Canada. I produce these several tables arranged so that they may be easily compared.

I am not going to read the tables. Some of them were offered in connection with the speech of the Senator from North Dakota [Mr. McCUMBER], and others by the Senator from Minne-

sota [Mr. NELSON]. I have simply made some comparisons in parallel columns, which I ask leave to insert in connection with my remarks.

The VICE-PRESIDENT. Without objection, permission is granted.

The matter referred to is as follows:

*Comparative statement of wages paid per day to certain kinds of employees in sawmills in Ontario, Saskatchewan, British Columbia (mountain and coast), averaged, as compared with wages in Oregon and Washington (interior and coast) and Minnesota, averaged, five to nine mills in former class and five in latter.*

	Canada.	United States.
Foreman	\$143.33	\$127.50
Band Sawyer	6.19	5.20
Filer	7.35	6.83
Engineers (chief)	4.26	3.79
Graders	2.99	2.44
Firemen	2.54	2.78
Millwright	3.90	3.56
Setter	3.38	3.12
Edgerman	3.62	3.20
Trimmer	2.54	2.48
Common laborers (white)	2.30	2.05

<sup>a</sup> Per month.

*Comparative statement of wages paid per day in logging camps in Canada and the United States.*

	Canada.		United States.	
	International Timber Company, Campbell River, British Columbia.	Fraser River Saw Mills (Limited), Fraser Mills, British Columbia.	Simpson Logging Company, Shelton, Wash.	Mason County Logging Company, Olympia, Wash.
Barker	\$2.75	\$3.00 to \$3.25	\$2.50	\$2.50
Blacksmith	3.00	" 75.00	3.00	3.00
Blacksmith helper	2.50	2.25		
Buckers	3.00	3.25	2.75	2.75
Cook	" 75.00	" 75.00	" 65.00	
Dogup man	2.50	3.00	2.50	2.50
Engineer	3.25	" 65.00	3.00	2.50 to 3.00
Faller, head	3.50	4.00	3.00	3.00
Faller, second	3.00	2.75	2.75	2.75
Fireman	2.50	2.50	2.00	
Flunkey	" 25.00	" 25.00	" 30.00	
Hook tender	4.00	5.00	3.75	4.00
Line horseman	2.50		2.25	2.25
Rigging slinger	3.00	3.50	2.75	2.50
Signalman	2.50	3.00	2.25	2.25
Skidder, head	3.00		3.25	
Skid roadman	2.25	2.25	2.00	2.00
Sniper	2.75	3.25	2.50	
Swamper	2.50 to 2.75		2.25	2.25 to 2.75
Undercutter	3.50		3.00	
Woodcutter, behind donkey		3.00	2.00	

<sup>a</sup> Per month.

*Average wages paid at the mills of the Elk Lumber Company, at Fernie, British Columbia, and of the Red Deer Lumber Company, at Barrows, Saskatchewan, for the years 1903 to 1907, inclusive.*

	Per day.
Band sawyers	\$7.50
Gang sawyers	4.50
Tail sawyers	2.50 to 3.00
Edger men	3.00 to 3.75
Trimmer men	3.25
Setters	3.75
Carriage riders	3.00
Helpers on trimmer	3.00
Transfer men and laborers	2.00 to 2.60
Band filer	8.50
Round saw and gang filer	7.00
Millwrights	4.00
Engineer	4.00
Fireman	3.00
Blacksmith	3.75
Machinists	3.75
Boom men	3.25
Laborers	2.50
Watchmen	2.50
Grader	2.75
Sorters and transfer men	2.25
Lumber pilers	2.25 to 2.75
Laborers in yard and loading cars	2.25
Oilers in mill and planing mill	2.75
Planing mill:	
Machine feeders	2.50 to 3.50
Helpers	2.25
Teamsters	2.50
Carpenters	4.00
Helpers	2.50
Manager	" 4,000.00
Mill foreman	" 1,500.00
Yard foreman	" 1,500.00
Bookkeeper	" 1,200.00
Timekeeper and clerks	" 60.00 to 85.00

<sup>a</sup> Per year.

<sup>b</sup> Per month.

During the same period the same mills have paid wages to their men in the woods, they doing all of their own work and doing no logging through contractors—

	Per day.
Leaders	\$2.80
Swampers	1.85
Sawyers	2.25
Teamsters	2.35
Railroad men	2.50
Stable boss	2.60
Hook men	2.25
Blacksmith	3.40
Filer	3.00
Camp tender	2.25
Railroad laborers	2.05
Cook	3.40
Cookies	2.25
River men	3.00
Clerks	3.00
Foreman	4.35
Teams without drivers	3.00

The superintendent receives \$1,600 to \$2,000 per annum.

All men working in the bush are paid so much per month and their board. The figures given above for their day labor is the amount which they would receive per day, figuring twenty-six working days to the month, and adding the cost of their board, averaged in nine different camps, to the daily wage paid to them.

#### STATEMENT BY F. B. WALKER.

Labor pay roll rates, 1895 to 1908, inclusive, Red River Lumber Company, Minneapolis, Minn.

	May, 1903.	May, 1904.	May, 1905.	May, 1906.	May, 1907.	May, 1908.
Common labor	\$1.75	\$1.75	\$1.75	\$1.75	\$2.00	\$1.75
Engineers	3.00	3.00	3.00	3.00	3.50	3.50
Millwrights	3.00	3.00	2.75	3.00	3.00	2.75
Filers	10.00	10.00	10.00	10.50	10.50	10.00
Sawyers	6.50	6.00	6.00	7.00	7.00	7.00
Setters	3.50	3.00	3.00	3.00	3.00	2.75
Edgermen	3.00	3.00	3.00	3.00	3.00	2.75
Trimmers	2.50	2.50	2.50	2.50	2.50	2.25
Sort shed grader	2.50	3.00	2.50	2.50	2.50	2.25
Sort shed common labor	2.00	2.00	2.00	2.00	2.00	1.75

Statement by George K. Smith, showing rate of wages paid in southern sawmills, including both white and colored labor.

	Per day.
Foreman	\$5.00 to \$7.00
Millwrights	3.00 to 3.75
Engineers	2.25 to 3.00
Sawyers	6.00 to 7.00
Filers	5.00 to 7.00
Block setters	2.75
Doggers	1.75
Offbearers	1.75
Cant liners	1.75
Edgermen	2.50 to 3.50
Tailing edger	1.75
Trimmer men	1.75 to 2.50
Scalers	1.75 to 2.50
Graders	1.75 to 2.50
Extra men	1.50 to 2.00
Lumber stackers	1.35 to 1.75
Lumber truckers	1.35 to 1.50
Mule drivers	1.35 to 1.75

Mr. CRAWFORD. I claim for this evidence that it conclusively shows that, so far as the difference in the cost of labor is concerned, so far as the difference in the cost of production is concerned, and so far as the principle in the Republican platform that protection shall be measured by the difference in the cost of production, allowing a reasonable profit to the American manufacturer, is concerned, the advocates of the tariff upon lumber have not a leg to stand on.

Mr. SIMMONS. Mr. President—

The VICE-PRESIDENT. Does the Senator from South Dakota yield to the Senator from North Carolina?

Mr. CRAWFORD. The Senator from North Carolina was so kind to me when he was on the floor the other day in permitting me to ask questions that I do not like to decline to answer his questions now, but I do not want to delay the Senate or weary it, and the statement I have is so condensed and connected that I do not like to have it broken into.

Mr. SIMMONS. I merely wish to ask a very short question.

Mr. CRAWFORD. Very well.

Mr. SIMMONS. Do I understand the Senator to take the position that the labor cost in Canada in the manufacture of lumber is no higher than in this country?

Mr. CRAWFORD. As a general proposition, I say it is no higher.

Mr. SIMMONS. Does that apply to other labor in other industries in Canada as well as to lumber?

Mr. CRAWFORD. I have not gone into other industries. I remember the ingenuity with which the Senator from North Carolina talked about the labor that was in the belts that were used to run the machinery and in the shoes and boots that the lumbermen wore and in the saws they used, and all that. It

was with a great deal of entertaining ingenuity that the Senator brought that in; but, for the life of me, I could not see its materiality as entering directly into the question of a difference in the cost of the production of lumber in Canada and in the United States.

Mr. SIMMONS. Will the Senator permit me just one other question? If there is no difference in the labor cost of production in this country and in Canada, what is the necessity for protecting any article that is produced in Canada and also in this country?

Mr. CRAWFORD. My remarks are directed to the tariff upon lumber, and I am not going to be drawn into a discussion of the tariff upon other articles.

Mr. President, in attempting to base their claim for a protective tariff on lumber upon the difference in labor cost, the American lumbermen have failed. In a desperate attempt to make a showing upon this point between lower Canada and Maine, Col. Albert Clark, of Boston, made a statement, which was presented to the House committee, in which he undertook to show that the wages paid by J. R. Booth, of Ottawa, were less than the wages paid by the St. John Lumber Company, of Portland. For the purpose of doing this, he showed the wages paid by the St. John Company at the present time and compared it with wages paid by Booth, of Ottawa, in 1898—ten years ago—and the only proof he offered of the old scale of wages at Ottawa was a memorial issued in 1898 by lumber manufacturers in the United States.

One of the fairest and most impartial witnesses who testified before the House committee, as it seemed to me, was Mr. M. J. Scanlon, of Minneapolis. I believe he was unprejudiced and impartial, because he has interests on both sides of the line. While he is interested in Canadian stumpage, he is more heavily interested in both stumpage and manufacture of lumber on the American side, and says that for every hundred dollars invested in Canada he has more than a thousand dollars invested in timber and mills on this side of the line. Mr. Scanlon tells us that the cost of labor and cost of producing lumber are greater in Canada than in the United States. He says:

All you need to do to convince yourselves on this point is to compare the rate of wages paid in Canada, our only competitor, with the rate paid on this side of the line. We are operating one very large sawmill at a small town, Scanlon, Minn., cutting about 100,000,000 feet per annum. This year we are paying common labor in and about the plant \$1.75 per day of ten hours, in the woods \$1.50 per day, and skilled labor in the same proportion. The same general rate of wages prevails throughout the lumber district in Minnesota, Wisconsin, and Michigan, except in some of the larger towns and cities the rate is as low as \$1.60 per day. In these three States I contend we have the best and most efficient sawmill and woods labor in the world. We are operating two sawmills in the long-leaf yellow-pine district of Louisiana. At these mills we are paying common labor in the mills and woods \$1.25 per day and the higher grade of workmen in the same proportion. In the Province of Ontario, Canada, about the same scale of wages prevails as are paid in Michigan, Wisconsin, and Minnesota. In the Province of Saskatchewan, Alberta, and in the mountain district of British Columbia common labor is paid at the rate of \$2.25 per day of ten hours in the sawmills and \$2.50 per day in the woods, while in the so-called "coast district" of the Province of British Columbia common labor receives \$2.50 per day in the sawmill and \$3 per day in the woods, and skilled labor is being paid in the same proportion. There is some oriental labor used in the British Columbia mills, ranging in price from \$1.25 to \$1.75 per day, depending on the class of work they perform. Concerning the efficiency of this oriental labor, they are more expensive than white, and they would not be employed at all if white labor could be obtained. In fact, the laws of British Columbia prohibit the use of oriental labor in cutting and removing the timber from provincial lands. Wages are so high that I do not think we have anything to fear on that score; the difference in wages paid the Canadian and American workmen in the timber industry is likely to be much more to the advantage of men employed in Canadian mills. \* \* \* The cost of Canadian logs delivered at the mills will always be as great or greater than the cost of logs at the mills of the American operator.

That is the testimony of Mr. Scanlon, who says that for every hundred dollars he has on the Canadian side he has a thousand dollars invested on this side.

So far as the difference in the cost of labor is concerned, the advocates of a protective tariff on lumber can not bring their case within the rule prescribed in the Republican national platform. As to other items of cost, which enter into production, they also fail. Mr. Lynch testified that the logs at the Red Deer mill in Saskatchewan cost \$7 per thousand; that the stumpage, together with royalties paid to the Canadian government, cost \$3 per thousand. That at the Elk River mill, in British Columbia, where they were sawing cedar, fir, and spruce, the logs cost \$6 per thousand; stumpage with royalties \$1.50 per thousand. That the cost of manufacturing, including the cost of surfacing, piling, loading, selling, insurance, and taxes at each point, is about \$5 per thousand at each place. He adds:

I do not know of any expense item which goes to make up the cost of lumber which is not as heavy or heavier upon the Canadian manufacturer than it is upon the American manufacturer. The Americans are certainly closer to the consumer in the United States than the Canadian mill. This implies lower freight rates and better service for the American mills. The American manufacturer will have little fear from the removal of the tariff, unless he raises his prices much above the present level.



That, Mr. President, is just what we do not want him to do. If the doors were thrown open and lumber, both rough and finished, were allowed to come in free, importations would relieve our home supply of the tremendous drain now made upon it, and we would check the insatiable greed of the men who, by means of the tariff, are seeking to control and to advance the price of stumpage; and we would let in a new source of supply which would be of material help to the people in breaking up the conspiracy of the retailers who now, by concerted action, succeed in maintaining one price, and that an extremely high one for the consumer of lumber.

The only basis of the claim of the American timber owner that the cost of production, including labor, in the United States is higher than in Canada is found by careful examination to be the higher value placed by him upon stumpage. He wants timber lands which he bought for from \$2.50 to \$6 per acre and which he has marked up to \$30 and \$60 per acre taken at its present high value and treated as an investment of that much capital entering into cost of production.

Mr. J. D. Lacey, who appeared before the House committee, and asked for a retention of the present duty on lumber, admitted that he himself had personal knowledge of the fact that McCormick & Co. and the Weyerhaeuser Company bought a million and a half acres of timber land in the West only a few years ago for \$6 per acre that is now worth \$50 per acre; that they paid only 15 cents per thousand for stumpage, which is now worth \$1, \$2, and even \$4 and \$5 per thousand. Hines, Skinner, Walker, Weyerhaeuser, and the other barons who got this land so low, and now hold it so high, complain of their taxes on it, and ask that the taxes, which go along with the speculation, and which are paid upon the land and standing timber not yet converted into lumber, be considered as a part of the cost of production. That such a claim can not for a moment be considered is so self-evident that no notice need be given to it here.

It appears that in the exportation of lumber the States of Washington and Oregon, without the aid of a tariff, are able to put British Columbia out of business. The table showing a comparison of exports of lumber from these two States with exports from British Columbia for the years 1904, 1905, 1906, and 1907, which I ask to have printed in this connection, shows enormous excesses of exports in favor of Washington and Oregon and that the difference in favor of these States is growing very rapidly each year:

## COMPARATIVE EXPORTS.

	Feet.
In 1904:	
Washington exported.....	186, 144, 995
British Columbia exported.....	33, 177, 244
Oregon exported.....	29, 173, 736
In 1905:	
Washington exported.....	201, 030, 589
British Columbia exported.....	49, 811, 930
Oregon exported.....	57, 854, 190
In 1906:	
Washington exported.....	221, 351, 716
British Columbia exported.....	79, 176, 862
Oregon exported.....	112, 526, 918
In 1907:	
Washington exported.....	262, 720, 536
British Columbia exported.....	67, 193, 208
Oregon exported.....	100, 651, 552

(See page 3100 Tariff Hearings, 1908-1909, Schedule D, showing Pacific coast cargo lumber statistics.—From Pacific Coast Lumberman.)

Our exports of lumber into Canada are nearly half as much as the exports of lumber from Canada into this country, and cases have been given in these debates where the American lumberman has been able to undersell the Canadian in his own territory. During the last fiscal year we exported nearly \$10,000,000 worth of lumber and other wood, and of forest products we exported more than \$126,000,000, and a large part of this is in successful competition with Canadian forest products.

It has been clearly demonstrated upon this floor by the Senator from North Dakota and the Senator from Minnesota that the differential made in the pending bill on account of finished lumber can not be justified by a pretense that the labor expended in finishing requires it—the manner in which it is done by modern machinery having been so fully explained here that no one will, in my opinion, undertake to defend this differential.

Our exports of finished lumber into Canada are made in the face of an ad valorem duty of 25 per cent imposed by the Canadian government. The arguments made in favor of retaining the tariff upon lumber by the United States are absurdly inconsistent, it seems to me, because they undertake at one and the same time to demonstrate that the removal of the tariff by our Government will not reduce the price of lumber to the consumer, while, on the other hand, the retention of the tariff will so increase the value of low-grade lumber made from upper cuts and low-grade material that the lumbermen will not leave it to waste and rot in the forest and add to the danger of destruction by fire. They would have you believe that away down in the Canadian woods the lumberman would manufacture and

ship to the United States only his low-grade lumber, while the American lumberman would allow his low-grade lumber, which is nearer to the people who use it and to the transportation facilities and the market, to lie there in the woods and waste. After the tree is felled and the butt sawed and handed away, it involves a comparatively small expense to trim up and haul the upper cut into camp.

If the distant lumberman in Canada can afford to do it, the near-by American lumberman can surely afford to do it. If the removal of the tariff will not reduce the price, of course there would be no reason for greater waste of low-grade lumber. If, on the other hand, it will reduce the price—and the fierce opposition of the American lumberman to the removal of the tariff is sufficient proof that it will reduce the price—the American can afford to produce and sell his low-grade lumber just as well as the Canadian can, and for just as low a price. The whole purpose of the tariff on lumber is to protect the American timber owner, who has been enabled to take advantage of the munificent bounties of our Nation, and to thereby acquire vast holdings under the timber and stone acts and under the homestead and lieu-land laws and by sharing in the ownership of the great forests lands liberally bestowed in land grants to the railroads.

The removal of the tariff will check to a considerable degree the insatiable greed and rapacity of the American timber baron. It will permit a new factor to enter the retail market and tend to break up the combination that has destroyed all competition in the retail lumber market throughout the Middle West and Southwest, and it will, to the extent of importations of foreign lumber, preserve and conserve the American forests. It will not, on the other hand, strike down the wages of the American laboring man, for the reasons already shown, and it will violate in no sense the rule of the Republican national platform. The great States of California, Oregon, and Washington have populations of active, intelligent, pushing men, eager and ambitious to develop their great resources. They are a great people, and their representatives in this body with great ability and faithfulness have presented every possible argument here in favor of the present tariff upon lumber.

The recent depression fell heavily, no doubt, upon the people of those States, but that depression came under the tariff as it is now. No part of the Union has a brighter future. Lying, as they do, upon the coast of the Pacific Ocean, where the commerce of the future will surpass in extent and splendor anything ever known in the history of the world, with the completion of the Panama Canal and the sane and normal development of their resources, the greatest cities and the densest population upon this globe will one day be found along our Pacific coast, where transcontinental railways converge and where the finest deep harbors in the world abound.

No Senator from these magnificent States need have any fear that their growth will be retarded because this Government does not add to the wealth of their great timber owners by a prohibitive tariff and continue in force an excessive and outrageous duty upon finished lumber, which is an article of prime necessity to millions and millions of our people.

My argument is directed against the levying of duties upon lumber, iron ore, coal, and petroleum, because what we have of these commodities are natural resources of this Nation upon which not only the present but all future generations must depend.

## OIL.

Take the Standard Oil Company; and I will ask to incorporate in my remarks the report made by Herbert Knox Smith, of the Department of Commerce and Labor, showing its enormous profit, its methods of doing business, its unfairness, its violation of every principle of honor and decency.

The VICE-PRESIDENT. Is there objection to the request of the Senator from South Dakota? The Chair hears none.

Mr. CRAWFORD. The Standard Oil Company is admitted to be the greatest monopoly in the world. It controls the price of crude and refined petroleum and of the products of petroleum all over the world. The claim that "independent" producers of oil must have the aid of a protective tariff is under a well-founded suspicion of being a mere subterfuge. There are no really independent producers of petroleum. The relation may not appear upon the surface, but I am quite convinced that they are either subsidiary companies or that they exist simply by sufferance or toleration. If that be true, the tariff can not help them, and I believe it to be true because the Standard Oil Company for a generation has ruthlessly crushed every competitor who came across its path. The investigation of the affairs of the Standard Oil Company made by the Department of Commerce and Labor, and the report of the former commissioner, Herbert Knox Smith, shows that the average margin between the price of Pennsylvania crude oil and the price of the illuminating oil sold by the Standard throughout the country, after

deducting freight costs, increased in the eight years preceding 1905, 1.03 cents per gallon. From seven-tenths of a cent to 1 cent per gallon is a good profit on the business. During the eight years covered by that report the Standard more than doubled its rate of profit on illuminating oil, and on gasoline, lubricating oil, and paraffin the increase was considerably higher. Its profits for 1904 were about \$21,000,000 more than they were in 1898. From 1882 to 1894 its net earnings were about 15 per cent per year, while from 1903 to 1905 the net earnings were 68 per cent yearly. The commissioner states:

The Standard has not reduced the margins during the period in which it has been responsible for the price of oil. During the last eight years covered by this report (1898 to 1905) it has raised both prices and margins. Its domination has not been acquired or maintained by its superior efficiency, but rather by unfair competition and by methods economically and morally unjustifiable. The Standard has superior efficiency in running its own business; it has an equal efficiency in destroying the business of its competitors. It keeps for itself the profits of the first and adds to these the monopoly profits secured by the second. Its profits are far above the highest possible standard of a reasonable commercial return, and have been steadily increasing.

Finally, the history of this great industry is a history of the persistent use of the worst industrial methods, the exaction of exorbitant prices from the consumer, and the securing of excessive profits for the small group of men who over a long series of years have thus dominated the business.

This report shows that the Standard sells its oil in Europe for about 2 cents per gallon less than it charges the people of the United States, and grossly discriminates between localities and between consumers. No matter what may be said in behalf of men who imagine they are "independent" producers, it dominates and absolutely controls the market, and the tariff duty can not reach these men, who are its victims.

A tariff whose only effect can be to give to it an opportunity to increase its exactions is a monstrous wrong. To impose it upon the pretense that it is for the purpose of encouraging the development of American industry is to wear the livery of heaven to serve the devil in. As a protectionist, brought up in that school, and believing in the principle when properly applied, I claim that it is an abuse of it to levy an impost duty on lumber, iron ore, coal, and crude petroleum, or to give its benefits to monopoly. Applied to the development and encouragement of industries and the maintenance of high standards of living among the wage-earners, it is a blessing. Used as a weapon to aid monopoly to become more rich and powerful, it is a curse.

#### STEEL.

Judge Gary, testifying before the House committee as the head of the United States Steel Corporation, and Mr. Schwab, testifying as the head of the Bethlehem Company, admitted that the price of steel rails had for years been maintained absolutely at one figure—\$28 per ton—and that any manufacturer who dared cut that price would be put out of business at once. The following letter, written by Mr. Schwab, was put in evidence at the hearing of the House committee. I think it is a remarkable letter:

PITTSBURG, PA., May 15, 1899.

MY DEAR MR. FRICK: You asked me to give my views as to the probable future earnings of the Carnegie interests and as to the proposed reorganization on a basis of \$100,000,000 bonds, \$250,000,000 preferred stock, and \$275,000,000 common stock. Permit me to say that, commencing in 1879 as engineer constructing the works, ten years as general superintendent of our principal works, and over two years as president, I feel that I know the properties and their possibilities as well or better than anyone in or out of the concern.

While we have been highly successful in the past, as everyone knows, I believe we are only now getting in shape to be truly successful and truly profitable. Our April profit and loss sheet shows earnings slightly over \$1,500,000, with rails netting us only \$17.50 and billets \$16. Lowest prices we ever had, on an average, were \$16.50 for rails and \$14.50 for billets; so you see we have reaped very little of the advantages of increased prices. With prices anywhere near to-day's selling prices, we could easily make over \$3,000,000 per month; and then our new works, to be started in two months, will—I estimate on present prices—bring us an additional profit of \$600,000 per month, or a total of \$3,600,000 per month.

As to the future, even on low prices I am most sanguine. I know positively that England can not produce pig iron at actual cost for less than \$11.50 per ton, even allowing no profit on raw materials, and can not put up pig iron into rails, with their most efficient works, for less than \$7.50 per ton. This would make rails a net cost to them of \$19. We can sell at this price and ship abroad so as to net us \$16 at works for foreign business, nearly as good as home business has been. What is true of rails is equally true of other steel products.

As a result of this, we are going to control the steel business of the world.

You know we can make rails for less than \$12 per ton, leaving a nice margin on foreign business. Besides this, foreign costs are going to increase year by year, because they have not the raw materials, while ours is going to decrease. The result of all this is that we will be able to sell our surplus abroad, run our works full all the time, and get the best practice and costs in this way.

Very truly, yours,

C. M. SCHWAB, President.

Mr. OLIVER. Mr. President—

The VICE-PRESIDENT. Does the Senator from South Dakota yield to the Senator from Pennsylvania?

Mr. CRAWFORD. I do.

Mr. OLIVER. I should like to ask if Mr. Schwab, at the same time that that letter was produced before the Ways and

Means Committee, did not, to a very large extent, disclaim and repudiate it?

Mr. CRAWFORD. Oh, he did not repudiate it; but he tried to discount it a little, saying it was written under different circumstances. Mr. Schwab's interest and attitude, when he was before the Ways and Means Committee seeking to maintain the tariff rate, were undoubtedly different from what they were when he wrote this letter to Mr. Frick, giving him the facts upon which he was asking him to invest millions of dollars. I will take the chance of saying that the statement in this letter is just as near the truth as his statement before the Ways and Means Committee.

Judge Gary testified at great length before the House committee. He frankly declared that the United States Steel Corporation can produce pig iron at least \$2 per ton cheaper than any competitor. He admits, with a candor and frankness which compels our admiration, that his great trust permits competitors to do business by sufferance and toleration, because public indignation would be aroused to an uncomfortable point if it should drive them all out of business. He unreservedly declares, however, that the United States steel trust, owning, as it does, high-grade iron-ore beds easily mined and on the lake shore, the coal mines, the coke fields, 110 steel boats on the Lakes, railway transportation, immense capitalization and equipment, perfect organization, and the highest skilled labor, can, if it chooses to do so, drive every competitor in America to the wall. He further admitted that it is so well equipped for the assembling of the raw materials, with high-grade machinery and skilled labor, that it can manufacture steel rails cheaper than any competitor in the world; that it would go on successfully dominating the markets of the world should the tariff be removed entirely. According to his testimony, the properties that were put into the great steel trust when it was organized were valued at less than \$800,000,000. No new capital was put in. The trust then issued \$360,281,100 preferred stock at par, \$508,302,500 common stock, \$480,199,000 in bonds, and it assumed the bonded indebtedness of the subsidiary corporations, which amounted to \$128,346,000, making the total capitalization \$1,474,028,000, based upon property valued at less than \$800,000,000.

The parent corporation is not an operating concern at all. It gets its income from dividends declared by the subsidiary companies. He says:

I should guess that of the whole capitalization of \$1,782,000,000, at least \$1,000,000,000 was capitalized profits, as distinguished from original investment. (Pages 1736, 1745.)

Since the trust was organized, in 1901, it has paid from its earnings \$180,711,000 interest; \$262,354,600 dividends; for construction, \$163,694,000; and carried to surplus, \$97,645,000 (page 1735). Upon its enormous capitalization, of which \$1,000,000,000 was capitalized profits, it has paid an annual dividend of 7.3 per cent. It is quite evident that a great trust which is able to dominate and control trade and manufactures, as the United States Steel Corporation can and does dominate and control it, should not receive aid from the Government in the form of a protective tariff levied for the purpose of encouraging and developing American industry.

Judge Gary admits that the tariff is not necessary so far as the United States Steel Company is concerned, but he fears its removal from steel rails, billets, pig iron, structural steel, and steel rods would injure the small independent companies.

This is a subterfuge, because his own admissions previously made with the most serene frankness show that there are no independent competing companies. There are other companies, it is true, and they do a good deal of business, but they are not independent competing companies.

A company which is simply allowed to exist and carry on business by the sufferance and toleration of the United States Steel Corporation is not, and in the very nature of things can not be, an independent competing company. It may be a separate corporation, and the United States Steel Company may not own a dollar of its stock, nor a dollar of its bonds, nor be in any manner a parent corporation; and yet, if it is allowed to live and do business only because of the permission or toleration of the United States steel trust, and if it can be easily destroyed and driven from the field, should it dare cut prices, as Judge Gary says it can, it is not in any sense an independent competing company.

Mr. President, one of the pathetic things which has come under my observation since I have been here is the desperate appeal made to Members of the Senate by men of small means, struggling along with small factories for the manufacture of pig iron or some form of steel, imagining that they are running an independent concern, and that we can help them. They are as helpless as a little mouse that would undertake to play on the carpet in front of a cat. We can not help them. We can not aid them in industrial development when they are beyond our reach. When we think we are helping them we are strengthening the giant that can absolutely crush them in a moment.



The price at which a small concern of this kind sells is the price at which the United States Steel Corporation is willing, it shall sell, and none other, and it is beyond the reach of help through a protective tariff.

The United States Steel Corporation, according to Judge Gary, owns in fee or leasehold great iron deposits in the Superior region, in Tennessee, and in Alabama, and it can manufacture pig iron at least \$2 per ton cheaper than any competitor. It manufactures annually ten or eleven million tons of pig iron, ten or eleven million tons of finished steel, and a still larger tonnage of semifinished steel. Its output includes rails, structural steel, steel wire, wire nails, fencing, billets, bars, slabs, hoops, bands, cotton ties, tubing, pipe rods, sheets, steel plates, spikes, bolts, nuts, rivets, axles, car wheels, merchant steel, and numerous other items. That it is practically in control of the field is shown by the fact that the number of establishments is decreasing all the time, while the output is increasing.

The number of establishments engaged in manufacturing iron and steel in the United States has been growing less. In 1880 it was 1,005; in 1890, 719; in 1900, 669; in 1905, 641. (Statistical Abstract, 1907, p. 714.) I have no figures later.

The reason for the rule which applies the principle of protection in levying a duty where it is necessary to encourage the development of American industry and give remunerative employment to American labor, in which I am a firm believer, does not exist when it is applied to the manufacture of pig iron and the leading steel products which I have named by the few great companies which control their manufacture and fix their prices all over the world. Instead of showing that it costs more to produce these articles in the United States than it does abroad, the evidence shows the contrary. The labor employed is highly organized and is quite capable of taking care of itself. It is of a character and quality which will continue to command and receive the highest wage paid anywhere in the world. The removal entirely, or the very material reduction of the tariff which is no longer necessary to the prosperity of an industry which is admitted to be so completely entrenched that it can challenge the competition of the world, can not harm it.

#### PIG IRON.

In 1905 the amount of pig iron imported into the United States was only seventy-three one-hundredths of 1 per cent of the total amount consumed; in 1906 it was 1.16 per cent; in the highly prosperous year of 1907 it was only 2.17 per cent. The amount of railroad iron and steel bars imported in 1907 was only thirteen one-hundredths of 1 per cent of the total consumption. (Statistical Abstract of 1907, p. 596.)

These imports are insignificant.

Mr. Schwab says that the Bethlehem Company imports iron ore from Cuba and pays a duty on it. Why should he pay a duty on it and be compelled to compete with the United States steel trust? He gets it from Cuba, saving the exhaustion of our own natural resources. Why should he be compelled to pay a duty on it?

Under the Dingley law iron ore pays a duty of 50 cents per ton; basic slag, \$1 per ton; pig iron, \$4 per ton; scrap iron, \$4 per ton.

In the Payne bill iron ore and slag are placed on the free list, wrought and cast iron and scrap steel bear a duty of 50 cents per ton, and pig iron a duty of \$2.50 per ton.

In the bill as reported by the Finance Committee in the Senate iron ore is taken from the free list, where it was placed in the Payne bill, and made to pay a duty of 25 cents per ton; pig iron is charged with a duty of \$2.50 per ton, and the duty on wrought and cast scrap iron and scrap steel is raised to \$2.50 per ton.

What for? Why should the Burlington Railroad, and the Chicago and Northwestern, and the New York Central, and the Erie, and all the rest of them, when they discard their old locomotives and their old, worn-out steel rails, be protected in their scrap iron by a tariff of \$2.50, while a little manufacturer who may want to get raw materials is thus prevented from getting his scrap iron from everywhere? I am told that since this bill has been changed here Canadians are scouring New England and getting old scrap iron to take across the border. What is the reason for it?

It would seem from the evidence presented to the Committee on Ways and Means that, in the interest of justice and the public welfare, the proposals of the Committee on Finance where they involve an increase in the duties provided in the House bill in the iron and steel schedule should be abandoned, and where they propose increased reductions in the rates proposed in the House bill they should be sustained.

I will frankly state that is what I had in mind upon the first reading of the bill, when I asked to have the items in the metal schedule passed. Indeed, I would, if I had the power to do it, put iron ore, scrap iron, basic slag, steel rails, and pig iron on the free list. We can not help the small manufacturer of steel

through the tariff. He is beyond our reach. Any attempt to help him simply strengthens the position of his master, the steel trust. When it is conceded that the trust can produce pig iron at least \$2 per ton cheaper than its competitors, it is conceded that it has a fundamental advantage which stays with it in every subsequent development of the steel trade. The little manufacturer can only wail. He is beyond help.

#### AN INTERNATIONAL TRUST.

During the speech of the junior Senator from Iowa, directed to the iron and steel schedules, the senior Senator from New York, by way of a question, said:

If you take the tariff off in order to hit the United States Steel Corporation, the independent concerns believe it would wipe them out of existence and give the United States Steel Corporation the command of the market, and then that corporation would combine with the foreign companies and we would be at the mercy of a gigantic international combine. How would you get over that?

The purpose of this question was to leave the impression that the removal of the tariff would result in the forming of international combinations which are not possible under tariff protection. As a most complete answer to that suggestion, I cite the international thread trust, known as the "Coates combination," which has monopolized the thread industry in the United States. The leading brand of thread which sells at 6 cents in New York, and about half that amount in England, is made by J. & P. Coates (Limited), of Paisley, Scotland, and by the Coates thread combination in this country. The Coates house early saw the advantages of establishing a factory in the United States and competing for the American trade under the protection of the tariff. Other English firms also saw the advantage, chief among them the Clarke Mile End Spool Cotton Company, of Newark, N. J.

The English concerns in the United States combined themselves into a trust to all intents and purposes. Sixteen of the English companies combined in a \$10,000,000 trust, called the "English Sewing Cotton trust." The J. & P. Coates Company took \$1,000,000 of the stock, and at least once since then has helped the organization out of trouble by lending it \$2,000,000. The two concerns work together. In 1898 the American Thread trust was formed by the union of thirteen of the leading American concerns—all, indeed, but one of the domestic companies.

Then the English trust stepped in and bought the majority of the stock in the American trust. The English trust then owned and controlled the American trust, and dictated its policy from the other side of the water; and this British trust is affiliated with and partly owned by the still larger concern, the J. & P. Coates Company. The \$48,000,000 Coates concern controls practically the thread business of England and America. Just as soon as the English secured control of the international trust the price of thread was advanced. Its profits in the second five years of the combination—that is, after the price of thread went up—were nearly a third greater than in the first five years, a profit of \$12,636,000 a year on a capital of \$48,000,000. Mr. Coates has a monopoly of the business in this country, and the tariff protects him from 180 concerns in England, who, by, competition, affect him over there, and enables him to sell his thread in the United States at double the price he does in England. This has increased his profits in five years 33½ per cent, at a time when the cost of his raw materials has largely increased.

So what the senior Senator from New York suggests might happen in the case of the steel trust, if the tariff upon iron ore and iron and steel manufactures were removed, has happened in the case of the thread trust with the aid of the tariff. The removal of the tariff from iron ore, pig iron, scrap iron, and steel rails will not accentuate a danger of that kind, and it is, in my opinion, a false alarm.

#### INHERITANCE TAX.

As has already been said many times during this debate, this Congress was convened in extraordinary session to revise the tariff by reducing excessive rates and by removing rates no longer needed for protection; to reduce duties on necessities and increase them on luxuries. This we are bound to do or be condemned by our countrymen. If the necessary reductions will result in a deficit, we should resort to an inheritance tax as the House bill provides. There is no legal doubt about the power of the Government to levy a graduated inheritance tax without apportionment. That question is settled. The objection urged, that 32 of the States subject inheritances to state and local taxes, does not appeal to me. The importer who pays duty upon a ship's cargo of merchandise and places it in his warehouse must pay state and local taxes upon the same property. The man who pays local and state taxes upon his store filled with liquors or tobaccos must pay an internal-revenue tax upon them. Can it be seriously contended that a reasonable tax upon the transmission of great estates passing to collateral heirs is an unjust burden? And if the provision for an inheritance tax found

in the Payne bill will not insure sufficient revenue to prevent a deficit, then I am heartily in favor of a tax upon incomes. The decision in the Pollock case has never been accepted by the bar of this country as sound, and it never will receive the sanction of public opinion. As the needs of this Nation increase, its annual budget of expense will increase, no matter how conservative and penurious the economy in making appropriations and expending public funds.

We are going on with the great work of building canals, improving navigable streams, building up a navy, reclaiming arid lands, and conserving natural resources. We are going on with the work of prosecuting illegal combinations and regulating interstate commerce. No mere cry of large expense can stop this movement. While our budget of expense will increase, our most powerful manufactures will continue to outgrow the need for a protective tariff and the great labor unions will protect the wages of our workmen.

The protective system will remain, but it will be supplemented for revenue purposes by federal taxation upon inheritances and incomes. It is not a socialistic scheme for the redistribution of wealth. It is a plan for an equitable distribution of burdens. There are 7,000,000 families of wage-earners in the United States living upon a medium wage of \$426 a year and 5,000,000 farmers whose average income is about \$350 a year. The vast majority of American families live on \$500 or less per year. In the great iron and steel industries, in 1900, the income of the family was about \$540 a year, and in 1905, \$580 per year. The cost of living has increased from \$74.31 in 1896 to \$107.26 in 1906; coal increased in price \$1 per ton; manufactured commodities advanced 32 per cent. Under these circumstances, it seems to me that where competition has been destroyed and the market price of a commodity is maintained at a high price by a trust the tariff on that commodity should be materially reduced, if not entirely removed, and that the large incomes, both of individuals and of corporations, should be required by an income tax to bear a larger share of the burden of federal taxation than they do now.

#### INCOME TAX.

A graduated income tax exempting all incomes of less than \$3,000 a year would place upon the wealth of the country a share of the burden of maintaining the Federal Government, which it ought to bear and bear gladly and willingly.

England raises an annual revenue of \$90,000,000 in the form of death duties, or inheritance taxes, and over \$168,000,000 in the form of taxes upon incomes. Her population is 44,000,000 and ours 90,000,000, and yet in this great country of ours, with the richest individuals and the richest corporations ever known since human society was organized, the national revenues are entirely raised by levies upon consumption. We are called here under an implied public obligation to revise the tariff downward. The President is committed to that and the people expect it. On September 5, 1906, in a speech at Bath, Me., Secretary Taft declared that "those schedules of the tariff which have inequalities and are excessive will be readjusted." In his speech at Milwaukee, on September 24, 1908, after his nomination, he said that "there are many schedules of the tariff in which the rates are excessive," adding that "it is my judgment that a revision of the tariff in accordance with the pledge of the Republican platform will be on the whole a substantial revision downward." At Mitchell, S. Dak., at a meeting at which I was present, he declared for thorough revision of the tariff, and in reply to a voice from the crowd which asked, "Which way; upward or downward?" he answered that the test would be the rule of the Republican platform concerning the difference in cost of production, and that, in his opinion, the revision would in most cases be downward.

#### PARTY PLEDGES.

How, then, can Senators declare that those of us who insist upon reductions are enemies of protection and not orthodox Republicans? I am willing to accept the judgment of the people of the country upon this issue; and so far as my vote will go in determining it, that vote will be for an honest revision of the tariff downward.

Now, then, a word in closing. Mr. President and Senators, I contend that the real principle at the foundation of the Republican party upon the tariff is declared—and declared better than it has ever been declared elsewhere—in our Republican platform. If we will honestly apply that rule here and get the difference in the cost of production abroad and at home, including labor, and apply it to these schedules, it will inevitably result that, in the majority of cases, the revision will be downward.

We are at a disadvantage. I do not want to say anything but what is most kind toward the Committee on Finance. I have not been in entire sympathy with all the criticisms indulged here. I believe that the committee is faithful. I believe its members are striving patiently and earnestly to do their duty as they see it.

But this, nevertheless, is true, no matter if the Senator from Montana [Mr. CARTER] did pile up on his desk a great stack of documents to show how much evidence we have here. We have evidence, of course; an abundance of evidence, but what shape is it in? It is a bewildering mass of undigested material that no man could read carefully in a year's time. I came here not without some knowledge, but I did not know a cotton tie from a necktie. Look at that mass of testimony upon every subject under the sun. It is a sea of confusion, which Members of the Senate are expected to wade through for the purpose of securing some tangible information as to how to vote here.

I say that that is not business. That testimony should have been taken, not during a few weeks here in the Capitol, where only voluntary witnesses appeared who were directly interested, and where the committee could not travel, or investigate, or take time to get the facts from disinterested witnesses; it should have been taken by a competent body of experts, who could deliberately collect the testimony, digest it, and put it into simple, concrete form, and place it on our desks here in a small, handy volume. Why could not that be done? How much more effective would our work then have been than it has been under the circumstances which have faced us here?

For that reason I am in favor of having some tribunal clothed with power the year around to get information upon this great economical and industrial question and present it to the Congress of the United States.

We can not get away from a bad system by criticising the Committee on Finance. It is a system that we ought to be able, it seems to me, to improve. I join in with the spirit that ought to prevail among all of us who belong to the dominant party, responsible for the management of this administration and the Government. Let us keep faith. Let us not stand here criticising and being suspicious of each other, arrayed as standpatters and progressives, but let us go forward in the spirit of true Republicanism, governed by the rule of our party platform; keep faith; discharge our duty in this revision of the tariff.

It seems to me that when we apply that rule to the steel schedule, to the question whether we will impose a duty upon lumber, coal, oil—upon natural resources—we will either remove the duty entirely or we will make it so low that it can answer no purpose except to contribute in a small way to the revenues of the Government.

#### EXECUTIVE SESSION.

Mr. ALDRICH. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After seven minutes spent in executive session the doors were reopened, and (at 5 o'clock and 25 minutes p. m.) the Senate adjourned until to-morrow, Thursday, May 13, 1909, at 11 o'clock a. m.

#### NOMINATIONS.

*Executive nominations received by the Senate May 12, 1909.*

##### UNITED STATES MARSHAL.

Thomas Cader Powell, of Alaska, to be United States marshal for the district of Alaska, division No. 2. A reappointment, his term having expired January 23, 1909.

##### UNITED STATES DISTRICT JUDGE.

Henry Groves Connor, of North Carolina, to be United States district judge for the eastern district of North Carolina, vice Thomas R. Purnell, deceased.

##### CONSULS-GENERAL.

Amos P. Wilder, of Wisconsin, now consul-general of class 2 at Hongkong, to be consul-general of the United States of America of class 2 at Shanghai, China, vice Charles Denby, nominated to be consul-general of class 3 at Vienna.

Charles Denby, of Indiana, now consul-general of class 2 at Shanghai, to be consul-general of the United States of America of class 3 at Vienna, Austria, vice William A. Rublee, nominated to be consul-general of class 2 at Hongkong.

William A. Rublee, of Wisconsin, now consul-general of class 3 at Vienna, to be consul-general of the United States of America of class 2 at Hongkong, China, vice Amos P. Wilder, nominated to be consul-general of class 2 at Shanghai.

##### AMBASSADORS EXTRAORDINARY AND Plenipotentiary.

William Woodville Rockhill, of the District of Columbia, now envoy extraordinary and minister plenipotentiary to China, to be ambassador extraordinary and plenipotentiary of the United States of America to Russia, vice John W. Riddle, resigned.

Oscar S. Straus, of New York, to be ambassador extraordinary and plenipotentiary of the United States of America to Turkey, vice John G. A. Leishman, appointed ambassador extraordinary and plenipotentiary to Italy.



## REAPPOINTMENT IN THE ARMY.

## JUDGE-ADVOCATE-GENERAL'S DEPARTMENT.

Brig. Gen. George B. Davis, Judge-Advocate-General, to be Judge-Advocate-General with the rank of brigadier-general, for the period of four years beginning May 23, 1909, with rank from May 24, 1901. His present term of four years will expire May 23, 1909.

## PROMOTIONS IN THE NAVY.

The following-named midshipmen to be ensigns in the navy from the 13th day of February, 1908, to fill vacancies existing in that grade on that date:

Robert W. Cabaniss,  
Raleigh E. Hughes, and  
Claude B. Mayo.

The following-named midshipmen to be ensigns in the navy from the 13th day of September, 1908, to fill vacancies existing in that grade on that date:

Carter L. Wright,  
John W. Lewis,  
Rufus W. Mathewson,  
Willis W. Lawrence,  
Irving H. Mayfield,  
Philip H. Hammond,  
Harvey W. McCormack, and  
Ernest D. McWagter.

The following-named midshipmen to be ensigns in the navy from the 12th day of February, 1909, to fill vacancies existing in that grade on that date:

Bruce R. Ware, jr.,  
Claudius R. Hyatt,  
William F. Cochran, jr.,  
George C. Logan,  
George H. Laird,  
Henry G. Shonerd,  
Harlow T. Kays,  
Robert C. Giffen, and  
Richard E. Cassidy.

Ensign Frank D. McMillan to be a lieutenant (junior grade) in the navy from the 2d day of February, 1909, upon the completion of three years' service in the present grade.

Lieut. (Junior Grade) Frank D. McMillan to be a lieutenant in the navy from the 2d day of February, 1909, to fill a vacancy existing in that grade on that date.

The following-named citizens to be assistant surgeons in the navy from the 14th day of April, 1909, to fill vacancies existing in that grade on that date to correct the date from which they take rank as confirmed on April 28, 1909:

John G. Ziegler, a citizen of Pennsylvania;  
Glenmore F. Clark, a citizen of Kentucky;  
William M. Kerr, a citizen of New York;  
George A. Riker, a citizen of New York; and  
Tharos Harlan, a citizen of the District of Columbia.

## POSTMASTERS.

## ARKANSAS.

James W. Harper to be postmaster at Mansfield, Ark. Office became presidential April 1, 1909.

## MICHIGAN.

Fred P. Baker to be postmaster at Flint, Mich., in place of James A. Button, deceased.

## NEW YORK.

George A. Waterbury to be postmaster at Lyndonville, N. Y. Office became presidential January 1, 1909.

## OREGON.

F. O. Minor to be postmaster at Bend, Oreg., in place of Charles W. Merrill, resigned.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate May 12, 1909.*

## COLLECTOR OF CUSTOMS.

Edward T. Marvel to be collector of customs for the district of Fall River, Mass.

## SURGEONS IN THE PUBLIC HEALTH AND MARINE-HOSPITAL SERVICE.

Passed Asst. Surg. Ezra K. Sprague to be surgeon in the Public Health and Marine-Hospital Service.

Passed Asst. Surg. Rupert Blue to be surgeon in the Public Health and Marine-Hospital Service.

Passed Asst. Surg. Charles H. Gardner to be surgeon in the Public Health and Marine-Hospital Service.

Passed Asst. Surg. James H. Oakley to be surgeon in the Public Health and Marine-Hospital Service.

## ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY.

H. Percival Dodge to be envoy extraordinary and minister plenipotentiary to Morocco.

## POSTMASTERS.

## ILLINOIS.

A. C. Doyle, at Cerro Gordo, Ill.

## OHIO.

George T. Baughman, at Larue, Ohio.  
Charles Doll, at Lorain, Ohio.  
Adolphus D. Haney, at Morrow, Ohio.  
Vernie E. Humphrey, at Fayette, Ohio.  
John A. Kneisley, at Osborn, Ohio.  
Thomas C. Lichty, at Antwerp, Ohio.  
Ward B. Petty, at Sycamore, Ohio.  
W. A. Ritter, at Napoleon, Ohio.  
Charles E. Samuels, at New Paris, Ohio.  
George H. Willis, at Bethel, Ohio.

## SENATE.

THURSDAY, May 13, 1909.

The Senate met at 11 o'clock a. m.

Prayer by Rev. Ulysses G. B. Pierce, of the city of Washington. The Journal of yesterday's proceedings was read and approved.

## BRITISH IRON AND STEEL INDUSTRY.

The VICE-PRESIDENT laid before the Senate a communication from the Secretary of Commerce and Labor, transmitting, pursuant to law, the report of Special Agent Charles M. Pepper on the British iron and steel industry and the Luxemburg iron and steel wages, together with a supplemental article on English chain manufactures, by Albert Halstead, American consul at Birmingham (S. Doc. No. 42), which, with the accompanying paper, was referred to the Committee on Commerce and ordered to be printed.

## PETITIONS AND MEMORIALS.

Mr. CULLOM presented petitions of sundry citizens of Anna, Cobden, Belleville, Dongola, Springfield, Vergennes, Matthews, Edwardsville, Pinckneyville, Cutler, Carbondale, Cairo, Carterville, Duquoin, and Sparta, all in the State of Illinois, praying for the repeal of the duty on hides, which were ordered to lie on the table.

Mr. DICK presented a petition of Bradford Grange, No. 877, Patrons of Husbandry, of Madison County, Ohio, praying for the repeal of the duty on raw and refined sugars, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Toledo, Ohio, praying for the retention of the proposed duty on print paper and wood pulp, which was ordered to lie on the table.

He also presented petitions of sundry citizens of Georgetown, Cincinnati, Ripley, Shelby, Peebles, Portsmouth, Seaman, Belfast, Fairfax, Mount Orab, Sardinia, Buford, and Mowrystown, all in the State of Ohio, praying for the repeal of duty on hides, which were ordered to lie on the table.

He also presented a petition of the International Chamber of Commerce, province of Albay, Philippine Islands, praying for the repeal of the duty on hemp, which was ordered to lie on the table.

Mr. JONES. We have two paper mills in our State. I have here a telegram from the owner and manager of one of those paper mills giving his idea as to the effect taking the tariff off wood pulp may have on that mill. I ask that the telegram be read.

There being no objection, the telegram was read and ordered to lie on the table, as follows:

[Telegram.]

SAN FRANCISCO, CAL., May 12, 1909.

Senator WESLEY L. JONES,

Washington, D. C.:

If Payne tariff on news goes through, our mill at Camas, Wash., which employs several hundred people, can not exist. British Columbia will manufacture all the news paper which is used on the coast, and we will be forced to move our mills there. Told you this when I had the pleasure of seeing you in Washington.

L. SCHWARACHER.

Mr. PAGE presented petitions of sundry citizens of Fairhaven, Conn., praying for a reduction of the duty on raw and refined sugars, which were ordered to lie on the table.

Mr. LA FOLLETTE. I present a joint resolution of the legislature of Wisconsin, memorializing Congress in regard to international peace. I ask that the joint resolution be read and referred to the Committee on Foreign Relations.

There being no objection, the joint resolution was read and referred to the Committee on Foreign Relations as follows:

Joint resolution memorializing Congress in regard to international peace.

Whereas the progress of industry and the happiness and prosperity of the people of all countries depends upon the maintenance of peace among the nations of the world; and

Whereas international wars have resulted usually from jealousies due in a large degree to mutual misunderstandings which could have been made clear by conferences and investigations; and